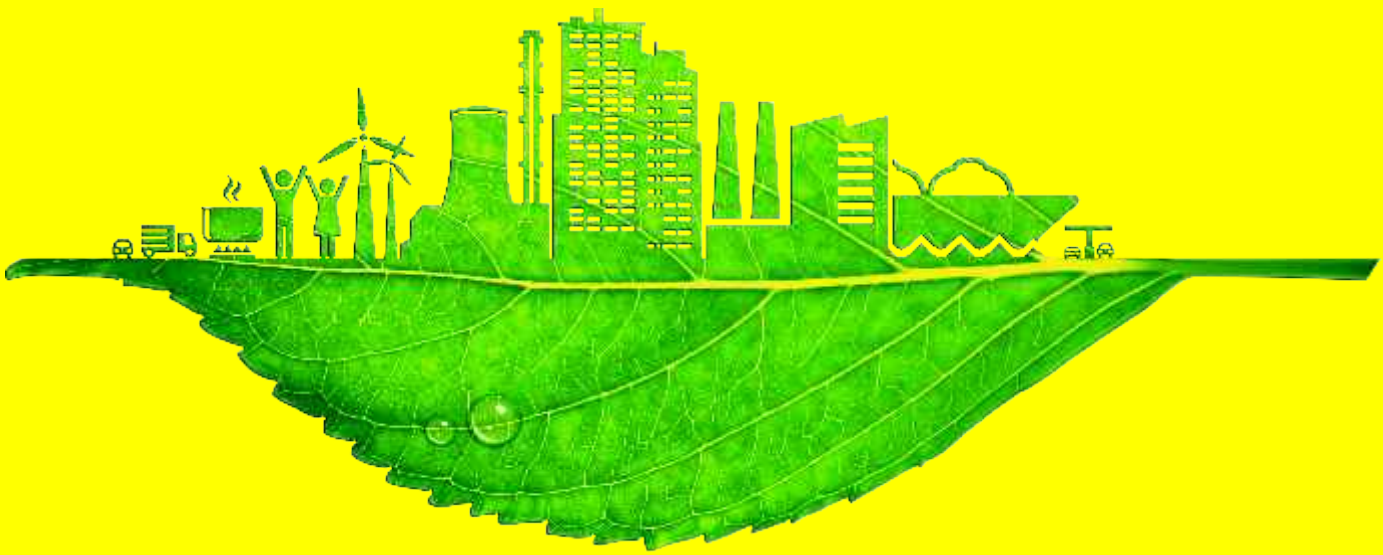
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India's No.1 Natural GAS Company

ANNUAL REPORT 2012-13

Tomorrow is Yours

With the eco-friendly fuel - Natural Gas



GAIL (India) Limited

India's Youngest Maharatna

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With sustainable economic growth across developing and emerging economies since the last decade and enhanced aspirations for a quality life, global energy demand is escalating at a steady rate. Energy from cleaner sources is the new normal in the post-modern world, where climate polices are being recalibrated by nations to help sustain the Earth's delicate bio-diversity.

India's rapid economic growth and social advancement have also accelerated the need to unlock new energy sources and efficiently utilize existing ones. At GAIL (India) Ltd, we believe that there are enough energy resources available to meet the demand escalation in the foreseeable future, but there will be challenges as well as opportunities.

We have been working responsibly for nearly three decades to help secure India's energy landscape. Our corporate mandate is to accelerate and optimize the effective and economic use of natural gas and fractions for the benefit of the nation in an environmentally sustainable manner. As India's youngest Maharatna public enterprise, we are consistently enhancing our investments to help meet the country's long-term energy requirements.

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NOTICE

NOTICE is hereby given that the **Twenty-Ninth Annual General Meeting** of the members of **GAIL (India) Limited** will be held on **Wednesday,** the **25th day** of **September, 2013** at 10.30 a.m. at **Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi- 110010** to transact the following business(es):-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, Statement of Profit & Loss for the year ended 31st March, 2013, Directors' Report, Independent Auditor's Report and the comments thereupon of Comptroller & Auditor General of India.
2. To declare final dividend @ 56% (₹ 5.6/- per share) on the paid-up equity share capital of the Company for the year ended 31st March, 2013 as recommended by the Board and confirm the interim dividend @40% (₹4/- per share) already paid in the month of February, 2013.
3. To appoint a Director in place of Shri S. Venkatraman, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P. K. Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Arun Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To authorize Board of Directors of the Company to fix remuneration of the Statutory Auditor(s) of the Company in terms of the provisions of section 224(8)(aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

 "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India for the FY 2013-14, as may be deemed fit by the Board."

SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution(s):

7. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri P. K. Singh, who was nominated by the President of India vide letter No. 31033/1/2012-CA dated 10.04.2013 and appointed as an Additional Director w.e.f. 10.04.2013 by the Board of Directors, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri M. Ravindran, who was nominated by the President of India vide letter No. C-31022/4/2011-CA dated 28.03.2013 and appointed as an Additional Director w.e.f. 01.06.2013 by the Board of Directors, be and is hereby appointed as a Director (HR) of the Company, liable to retire by rotation, on such terms and conditions, remuneration and tenure as may be determined by the President of India from time to time."
9. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Rajive Kumar, who was nominated by the President of India vide letter No. C-31033/1/2012-CA dated 26.06.2013 and appointed as an Additional Director w.e.f. 26.06.2013 by the Board of Directors, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board
Sd/-
(N.K. Nagpal)
Company Secretary

Place: New Delhi
Dated: 14.08.2013

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NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING (PROXY FORM IS ANNEXED WITH THE NOTICE).**
2. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed herewith.
3. A brief resume of the Director(s) proposed for appointment/re-appointment as mandated in Clause 49 of the Listing Agreement is annexed with the Notice.
4. The documents referred in the accompanying Notice and Explanatory Statement thereto, are open for inspection by members, at the Registered Office of the Company during office hours i.e. between 11:00 a.m. and 1:00 p.m., on all working days, except Saturday(s)/Sunday(s)/Holiday(s), upto the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday,** the **7th September, 2013** to **Wednesday,** the **25th September, 2013 (both days inclusive)** to determine the entitlement of the final dividend @ 56% (₹ 5.6/- per share), if so, approved by the members of the Company at the aforesaid AGM. The Company had already paid interim dividend @ 40% (₹ 4/- per share) in the month of February, 2013. The said final dividend after declaration at the said AGM, will be paid to those eligible members whose name(s) appear:-

a) as member(s) holding shares in **physical mode,** in the Register of Members of the Company after giving effect to all valid and complete transfers, lodged with R&TA/Company on or before **7th September, 2013;** and

b) as Beneficial Owner(s) holding shares in **electronic mode,** details as furnished by the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for said purpose.

6. Members may kindly note that their Bank Account number upto 15-digit and 9-digit MICR Code, as noted in the records of their Depository Participant (DP), shall be used for the purpose of remittance of dividend through National Electronic Clearing Service (NECS), wherever applicable. Members should ensure that their correct bank details are noted in the records of the DP, so that no NECS rejection takes place.
7. Corporate members intending to send their authorized representative(s) to attend the meeting are required to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
8. Members holding shares in multiple folios in **physical mode** are requested to apply for consolidation to the R&TA/Company along with relevant Share Certificates. R&TA is not processing the remat request(s), unless involved conversion of entire shareholding held in demat mode.
9. Members who have not encashed their Dividend Warrant(s) may approach the R&TA/Company for issuance of demand draft(s) upon completion of necessary formalities in the said behalf in lieu of such warrant(s), at least 3 weeks before they are due for transfer to IEPF. No claim shall lie against the Fund/Company, in respect of the said amount. Regarding modalities of dividend and other updated information, members are requested to refer "Dividend" section of Report on Corporate Governance and may also visit Investor Zone' section at Company's website for further reference. R&TA has designated an exclusive e-mail ID viz. **admin@mcsdel.com** and **mcsgail@mcsdel.com** to facilitate investors to register their complaints, if any.
10. Members are requested to:-

i) bring their copy of Annual Report and Attendance Slip at the venue of the meeting.

ii) please **carry photo ID card** for identification/ verification purposes including **Proxy holders.**

iii) note that entry to the hall will be strictly on the basis of the admission card, which will be provided at the counters of R&TA at the venue, in exchange for duly completed and signed Attendance Slip.

iv) note that briefcases, mobile phones, bags, helmets, eatables and other belongings **will not be allowed** to be taken inside the venue of the meeting for security purposes and shareholders/proxy holders will be required to take care of their belongings.

v) note that **no gifts** will be distributed at the Annual General Meeting.

vi) note that **shareholders present in person or through registered proxy** shall only be entertained.

vii) note that incase of **joint holders** attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

viii) note that the attendance slip/proxy form should be **signed** as per the specimen signature registered with the R&TA/DP.

ix) quote their Folio/DP & Client Id No. in all correspondences with the R&TA/Company.

IMPORTANT COMMUNICATION TO MEMBERS

Ministry of Corporate Affairs has taken a "Green initiative in Corporate Governance" by allowing paperless compliance by the Companies. In order to support the said initiative, like previous years, R&TA has sent e-mail to members to inform their desire to receive Annual report, documents etc. sent by Company from time to time in electronic/physical form. This year also, your Company has sent the copy of the Annual Report along with the notice convening the AGM through e-mail to those members, who provided e-mail to their DP or R&TA and have opted not to receive the Annual report in physical form.

MEMBERS WHO HAVE NOT YET REGISTERED THEIR EMAIL ID ARE REQUESTED TO UPDATE THE SAME AT THE EARLIEST WITH THEIR RESPECTIVE DP (FOR ELECTRONIC HOLDING) OR WITH R&TA/COMPANY (FOR PHYSICAL HOLDING).

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

Shri P.K. Singh was nominated as part-time Director (Government Nominee) by the President of India vide letter No. 31033/1/2012-CA dated 10.04.2013. He was appointed as an Additional Director on the Board of Directors of your Company w.e.f. 10.04.2013, till the conclusion of this Annual General Meeting, pursuant to the provisions of section 260 of the Companies Act, 1956. The Board recommends that Shri P.K. Singh may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing his candidature as Director of the Company.

Your Directors recommend the resolution for approval of the members. Shri P.K. Singh is interested in this resolution to the extent of his appointment as a Director. No other Director of the Company is concerned/interested in the proposed resolution.

ITEM NO. 8

Shri M. Ravindran was nominated as Director (HR) on whole-time basis by the President of India vide letter No. C-31022/4/2011-CA dated 28.03.2013. He was appointed as an Additional Director on the Board of Directors of your Company w.e.f. 01.06.2013, till the conclusion of this Annual General Meeting, pursuant to the provisions of section 260 of the Companies Act, 1956. The Board recommends that Shri M. Ravindran may be appointed as a Director (HR) of the Company, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing his candidature as Director of the Company.

Your Directors recommend the resolution for approval of the members. Shri M. Ravindran is interested in this resolution to the extent of his appointment as a Director (HR). No other Director of the Company is concerned/interested in the proposed resolution.

ITEM NO. 9

Shri Rajive Kumar was nominated as part-time Director (Government Nominee) by the President of India vide letter No. C-31033/1/2012-CA dated 26.06.2013. He was appointed as an Additional Director on the Board of Directors of your Company w.e.f. 26.06.2013, till the conclusion of this Annual General Meeting, pursuant to the provisions of section 260 of the Companies Act, 1956. The Board recommends that Shri Rajive Kumar may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing his candidature as Director of the Company.

Your Directors recommend the resolution for approval of the members. Shri Rajive Kumar is interested in this resolution to the extent of his appointment as a Director. No other Director of the Company is concerned/interested in the proposed resolution.

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PURSUANT TO THE PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT, A BRIEF RESUME OF THE DIRECTORS, PROPOSED FOR APPOINTMENT/RE-APPOINTMENT

ITEM NO. 3

Shri S. Venkatraman is Director (Business Development) of GAIL (India) Limited and is in-charge of GAIL's Business Development, Project Development, Petrochemical operations, Exploration & Production and global ventures.

He joined GAIL as Manager in December 1990 and served at various levels across different departments including Business Development, Marketing and Projects. Prior to his assignment as Executive Director (BD), he was incharge of Marketing for various products of GAIL including natural gas, petrochemicals, liquid hydrocarbons and telecom bandwidth at Ahmedabad Zonal Office. He also headed the Petrochemicals Marketing Department at Corporate Office as General Manager (Marketing). He was part of the core team that worked on the development and implementation of GAIL's first gas based petrochemical complex right from its conceptualisation to commissioning.

Shri S. Venkatraman has done B.Sc. (Physics) from University of Madras. in 1973. In 1976, he completed Diploma in Instrumentation from Madras Institute of Technology, Madras and thereafter Diploma in Management from All India Management Association, New Delhi in 1989. He started his career in 1976 with Instrumentation Ltd., Kota and worked there at various levels till December 1990.

Shri Venkatraman holds 300 equity shares of the Company.

Shri Venkatraman holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/ Membership
1.	GAIL China Gas Global Energy Holdings Limited	NIL
2.	Aavantika Gas Limited	
3.	GAIL Global (USA) Inc.	
4.	GAIL Global (USA) LNG LLC	
5.	Tripura Natural Gas Company Limited	
6.	GAIL Global (Singapore) Pte. Limited	
7.	Brahmaputra Cracker & Polymer Limited	
8.	Fayum Gas, Egypt	
9.	NATGAS, Egypt	
10.	ONGC Petro-additions Limited	Audit Committee - Member

ITEM NO. 4

Shri P.K. Jain, Director (Finance) of your Company, is a Chartered Accountant and an MBA in Finance from the University of HULL, United Kingdom. Sh. Jain has an experience of over 33 years in Finance and Accounts and worked as Executive Director (Internal Audit) before joining as Director (Finance).

Shri Jain has wide exposure and expertise in the area of financial and treasury management and was involved in restructuring of loan portfolio, raising funds at competitive rates through various sources including bonds (domestic/International), ECB, ECA, Term Loans to have the optimal cost of capital. He also has a rich experience in the area of project evaluation, financial appraisal of projects and headed finance team during execution of major projects of GAIL like pipelines, petrochemicals, E&P, Pricing, Tariff Determination, Risk Management and Internal audit. He has extensively travelled internationally and has represented the company in different road shows for IPO/Disinvestment.

Shri P K Jain has been involved in various specialized areas including mergers and acquisitions with due-diligence exercise of overseas ventures, finalization of LNG Purchase agreement from Ras Gas, Qatar for Petronet LNG Ltd.(Joint Venture of GAIL), Farm-in of two overseas E&P blocks, business model of petrochemical business, etc.

He joined GAIL in 1985 in the early stages of the Company and has immensely contributed to the growth of the company. Before joining GAIL, Sh. P K Jain had served in various capacities in different companies like ONGC Ltd. and Union Bank of India.

Shri Jain holds 45 equity shares of the Company.

Shri Jain holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/ Membership
1.	GAIL Gas Limited	Audit Committee- Chairman
2.	Brahmaputra Cracker & Polymer Limited	Audit Committee- Member
3.	GAIL China Gas Global Energy Holdings Limited	NIL
4.	GAIL Global (Singapore) Pte. Limited	
5.	China Gas Holdings Limited	

ITEM NO. 5

Shri Arun Agarwal is a graduate in commerce and a Fellow member of the Institute of Chartered Accountants of India. In a professional career spanning over 27 years, he has rendered services in the field of audit, consultancy in company law matters, income tax matters, service tax and other fiscal laws to various public sector companies, Public Sector Banks, Co-Operative Sector, Private Sector Companies and other forms of business establishment.

Shri Agarwal had represented as member of Professional Development Committee and Audit & Accounting Standard Board of the Institute of Chartered Accountant of India. He was appointed as Director on the board of Small Industries Development Bank of India by Govt. of India. He is associated with various charitable societies, NGOs as consultant, adviser, auditor and member of the executive committees.

Shri Agarwal took part in various professional discussions and represented many national level conferences, also participated actively and contributed at conferences/seminars for development of professional knowledge and skill.

Shri Agarwal does not hold any equity shares of the Company.

Shri Agarwal holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

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S. No.	Directorship	Chairmanship/ Membership
1.	Interlink Petroleum Limited	a. Audit Committee- Chairman b. Shareholders' Grievance Committee- Member
2.	State Bank of Patiala	Audit Committee- Chairman
3.	Shivang Helmets Pvt. Ltd.	Nil
4.	Catlyst Media Pvt. Ltd.	
5.	Tauras Portfolio Limited	

ITEM NO. 7

Shri P.K. Singh is an IAS from Manipur-Tripura cadre (1993). He has done B.Tech, Electrical from IIT, Delhi and Masters in Public Policy and Sustainable Development from TERI.

During his career spanning over two decades, he has held various positions in state of Manipur and Tripura at District Level as well as State Secretariat level. As Dy. Secretary, in the Ministry of Steel, he was in-charge for Policy, WTO Matters, allocation of resources and steel development. He was also the Director (Refinery) and Director (Supply and Pricing) in Ministry of Petroleum and Natural Gas. Presently, he is Joint Secretary (International Cooperation and Gas), Ministry of Petroleum & Natural Gas, Government of India.

Shri Singh does not hold any equity shares of the Company.

Shri Singh holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/ Membership
1.	ONGC Videsh Limited	Nil

ITEM NO. 8

Shri M. Ravindran, Director (HR) of your Company, is Mechanical Engineer from NIT, Kurukshetra, with a Post Graduation in Management. He has over 33 years of rich and diverse experience in the fertilizer, oil and gas sector, particularly Petrochemicals, Natural Gas Pipelines & City Gas Distribution.

He joined GAIL in the year 1990 and since then has been a part of a number of important GAIL projects. One of his major contributions was in the execution of GAIL's first 400 KTA Petrochemical Complex Project at Pata, Distt. Auraiya, U.P and was also in-charge of the Operation & Maintenance of GAIL's HVJ & associated Pipelines & Gas Processing Unit at Vijaipur, M.P.

He has the distinction of being the first CEO of GAIL's wholly owned subsidiary, GAIL Gas Limited from 2008 to 2011 during which period, he was instrumental in formulating the company's business policies, particularly those in the domain of Human Resources. It was during his tenure as CEO that GAIL Gas Limited participated in the CGD first round of bidding and won the licenses for the cities of Sonepat, Kota, Dewas & Meerut under the regulatory regime

Prior to his appointment as Director (HR), Sh. Ravindran held the position of Managing Director of Indraprastha Gas Ltd. (IGL), a Joint Venture of GAIL & BPCL and the largest sole supplier of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) in National Capital Region of Delhi & NCR.

Among the many important initiatives undertaken by him at IGL, was the development of the Performance Management System and formalization of various HR Policies crucial to organizational growth.

Shri Ravindran holds 75 equity shares of the Company.

Shri Ravindran holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/ Membership
1.	Mahanagar Gas Limited	Nil
2.	ONGC Petro-additions Limited	Shareholders Issues and Grievances Redressal Committee- Member

ITEM NO. 9

Shri Rajive Kumar, Additional Secretary, Ministry of Petroleum & Natural Gas belongs to the 1981 batch of IAS Uttar Pradesh cadre. He holds a post graduate degree in Physics as well as a Masters degree in Public Administration (MPA) from Harvard.

Shri Rajive Kumar has handled several key assignments in the State including Urban and Rural Development, Personnel, District Administrative and a long stint in the Industrial Development Sector serving as Chief Executive Officer in several State PSUs.

He has also held important position in Government of India; as Joint/Additional Secretary in the Cabinet Secretariat and as Joint Secretary in the Department of Economic affairs, Ministry of Finance.

Shri Kumar does not hold any equity shares of the Company.

Shri Kumar holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/ Membership
1.	Indian Oil Corporation Limited	Nil
2.	Indian Strategic Petroleum Reserves Limited	

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Tomorrow is Yours
With the eco-friendly fuel - Natural Gas





Energising everyday life

At GAIL (India) Ltd, we believe our contribution is fundamental to help energize everyday life of a fast developing trillion dollar Indian economy. Our journey commenced nearly three decades ago in August, 1984 as a Central Public Sector Undertaking (PSU) under the Ministry of Petroleum & Natural Gas (MoP&NG).

We were initially responsible for one of the largest cross-country Natural Gas Project Pipeline - construction, operation & maintenance of the Hazira - Vijaipur - Jagdishpur (HVJ) pipeline project - in the world. This 1800 Km long pipeline laid the foundation for the development of market for Natural Gas in India.

GAIL, after having started as a Natural Gas transmission company during the late eighties, has grown organically by building large network of Natural Gas Pipelines, LPG Pipelines, Gas Processing Plants and a gas based integrated Petrochemical plant.

GAIL Today

10,700 KM	210 MMSCMD	2,038 KM	3.8 MMTPA	30	0.41 MMTPA	7	1.4 MMTPA
Natural Gas Pipeline Network	Natural Gas Pipeline Capacity	LPG Pipeline Network	Transmission Capacity of LPG	Number of E&P Blocks in which GAIL is a stakeholder	Polymer Production Capacity	Number of Gas Processing Plants for Production of LPG and OLHCs	Production Capacity of LPG and OLHCs

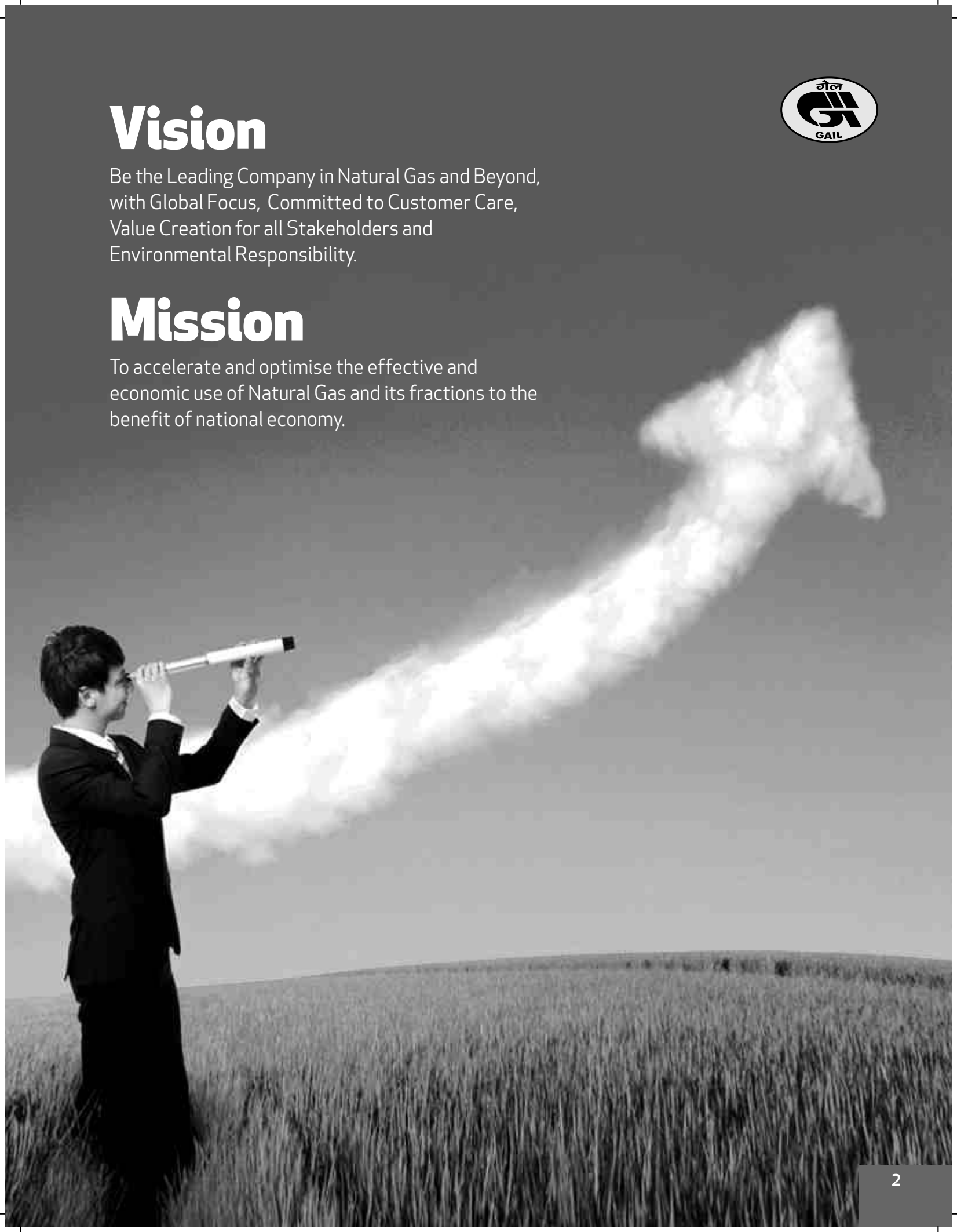
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Vision

Be the Leading Company in Natural Gas and Beyond, with Global Focus, Committed to Customer Care, Value Creation for all Stakeholders and Environmental Responsibility.

Mission

To accelerate and optimise the effective and economic use of Natural Gas and its fractions to the benefit of national economy.



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Tomorrow is Yours
With the eco-friendly fuel - Natural Gas

Visible across the



Natural Gas

- Over 10,700 kms of network
- Expanding to 15,000 kms
- Sophisticated Gas management System
- Pursuing for expansion of markets
- Participation in RGPPL (5 MMTPA LNG Regasification Facility)



Exploration & Production

- A part of vertical integration
- Participation in 30 blocks (Operator – 3 blocks)
- Presence in Myanmar & US



City Gas Distribution

- Serving over 10 lakh vehicles &10 lakh households through Subsidiary & Joint Ventures
- GAIL Gas Limited, 100% subsidiary, has setup CGD Network in Dewas, Sonepat, Kota, Meerut, Agra, Firozabad, Vadodara & Panvel

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entire Gas Value Chain



Petrochemical

- Domestic market share – 20%
- Petrochemical Plant in Pata (UP) with capacity of 0.41 MMTPA
- Doubling the capacity by FY 2014
- Participation in BCPL & OPaL

G-Lex

Pressure Pipes, OFC Ducts, Blow Molded Containers, Thin Films, Monofilament, Raffia etc.

G-Lene

Raffia, Wire and Cable, Pipe Coating, Injection Moulding, Film, Rotomoulding, Coating / Lamination



Liquid Hydrocarbons

- 7 Gas Processing units producing LPG, Propane, Pentane & Naphtha etc.
- LPG Transport Capacity 3.8 MMTPA (2038 Kms.)

PROPANE

Manufacture of Textiles, Glass, Picture Tubes, Automobile, Bearings, Forging, Casting, Melting industry, Paint shops of major car manufactures, Ceramics, Brick Klins, Drying Ovens, Metal Industry, Refrigerant in AC, etc.

PENTANE

Artificial ice formation, Low temperature thermometers, Solvent extraction processes, Blowing agent in plastics, Pesticides, Production of ISO and normal Pentane



Power & Renewables

- Commissioned 118 MW Wind Power Plant and 5 MW Solar Power Plant
- Participation in RGPPL (Capacity 1967 MW)

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Group Strength

Subsidiaries

- GAIL Gas Limited
- Brahmaputra Cracker and Polymer Limited
- GAIL Global (Singapore) Pte. Limited
- GAIL Global (USA) Inc.
- GAIL Global (USA) LNG LLC (subsidiary of GAIL Global (USA) Inc.)

Joint Ventures

- Aavantika Gas Limited
- Bhagyanagar Gas Limited
- Central U.P. Gas Limited
- GAIL China Gas Global Energy Holdings Limited
- Green Gas Limited
- Indraprastha Gas Limited
- Mahanagar Gas Limited
- Maharashtra Natural Gas Limited
- ONGC Petro-additions Limited
- Petronet LNG Limited
- Ratnagiri Gas and Power Private Limited
- Tripura Natural Gas Corporation Limited

We are an equity partner in two retail gas companies in Egypt, namely Fayum Gas Company (FGC) and National Gas Company (Natgas). GAIL has a representative office in Cairo, Egypt to pursue business opportunities in Africa and the Middle East.

GAIL is a part of a consortium in two offshore E&P blocks in Myanmar and also holds participating interest in South East Asia Gas Pipeline Company Limited incorporated for transportation of gas to be produced from two blocks in Myanmar to China.

At GAIL, we aspire to emerge as an integrated hydrocarbon major with significant upstream and downstream interests by 2020.

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Leading the Way

India's No. 1 Natural Gas Company

Asia's No. 1 Gas Utility*

World's No. 1 Downstream Company*

* Global Platts Ranking of Energy Companies

Shareholder Information

Equity Share ISIN - INE129A01019

Stock Exchange	Security Code
BSE	532155
NSE	GAIL

Accreditation

- AAA - Highest domestic credit rating from ICRA, CARE and CRISIL
- Baa2 - Corporate issuer rating by Moody's International, Hong Kong
- Assigned a long-term foreign currency issuer default rating of BBB- with a negative outlook by Fitch Ratings
- In line with the latest global standards of GRI, which is the de-facto international benchmark and externally assured with application level A+
- ISO 9001, ISO 14001 and OHSAS 18001 accreditations, committed towards creating, maintaining and ensuring quality products with a safe and clean environment

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Major Highlights of FY-13

TURNOVER

₹ 47,333 Cr - YoY Growth 18%

17%+

10 year **Turnover CAGR**

EBITDA

₹ 7,234 Cr – YoY Growth 16%

8%+

10 year **EBITDA CAGR**

PAT

₹ 4,022 Cr – YoY Growth 10%

9%+

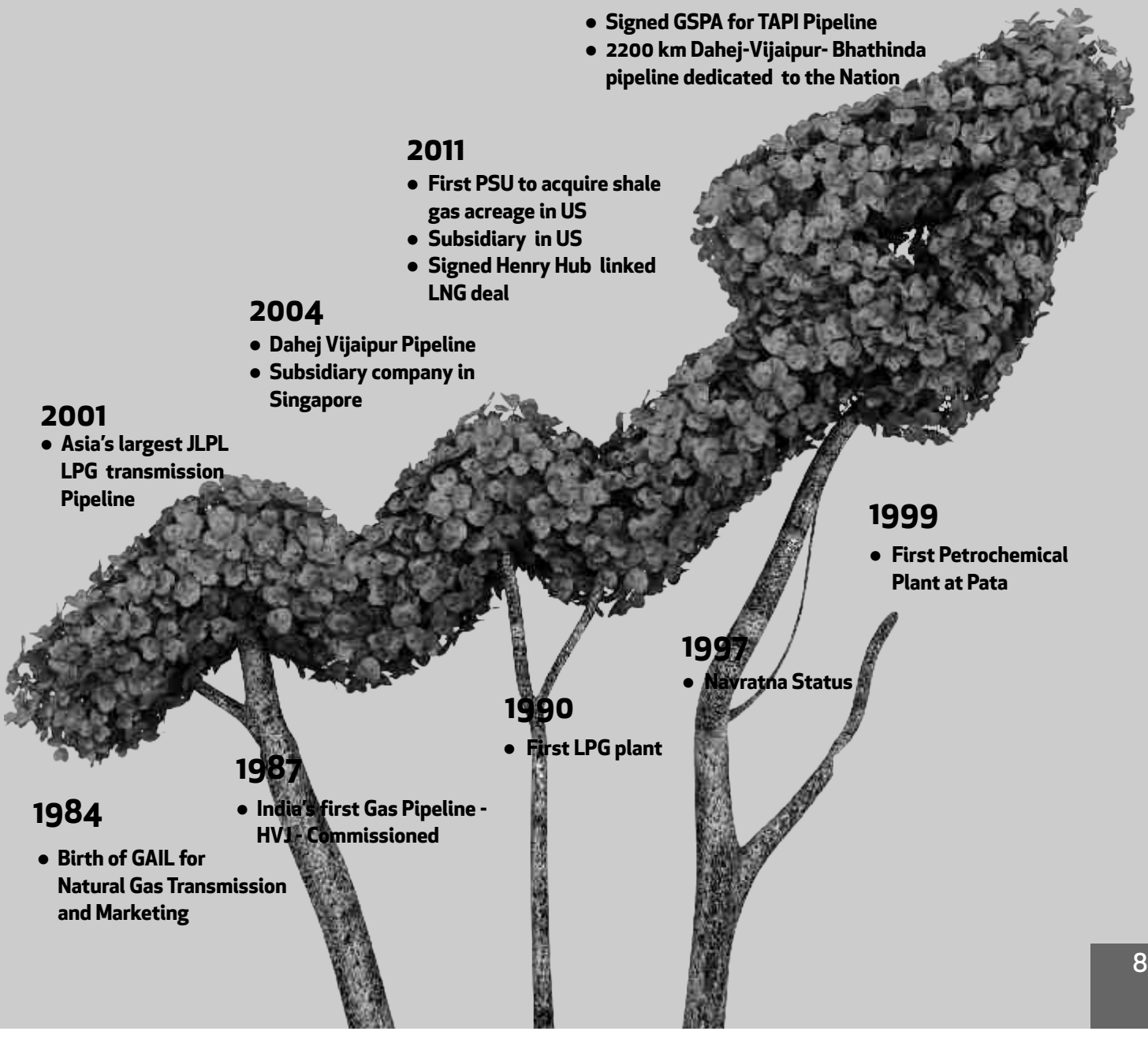
10 year **PAT CAGR**

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Growing with Green Energy

2013
- Achieved Maharatna Status
- Commissioned Dabhol Terminal
- Capacity Booking in Cove Point LNG terminal

2012
- Signed GSPA for TAPI Pipeline
- 2200 km Dahej-Vijaipur- Bhathinda pipeline dedicated to the Nation



2011
- First PSU to acquire shale gas acreage in US
- Subsidiary in US
- Signed Henry Hub linked LNG deal

2004
- Dahej Vijaipur Pipeline
- Subsidiary company in Singapore

2001
- Asia's largest JLPL LPG transmission Pipeline

1999
- First Petrochemical Plant at Pata

1997
- Navratna Status

1990
- First LPG plant

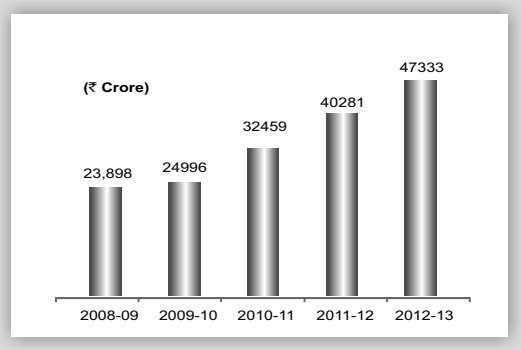
1987
- India's first Gas Pipeline - HVJ - Commissioned

1984
- Birth of GAIL for Natural Gas Transmission and Marketing

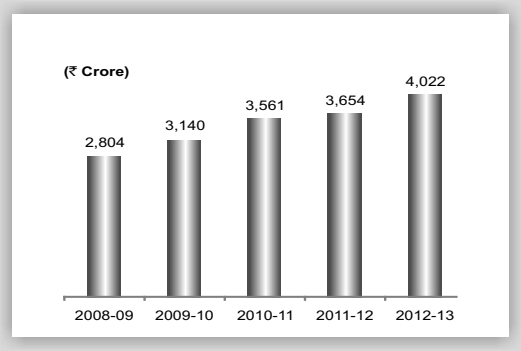
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Energized Performance

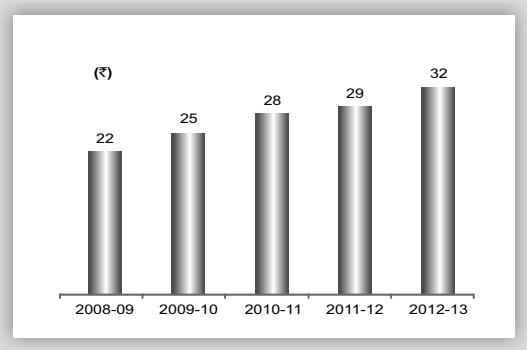
Turnover (Net of ED)



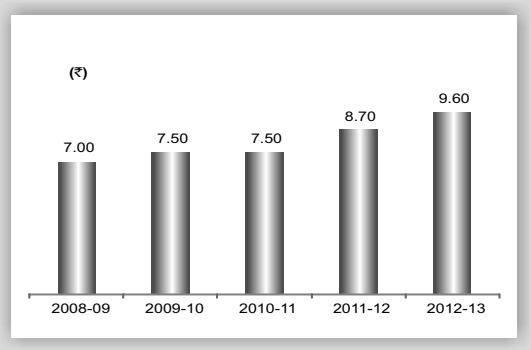
PAT



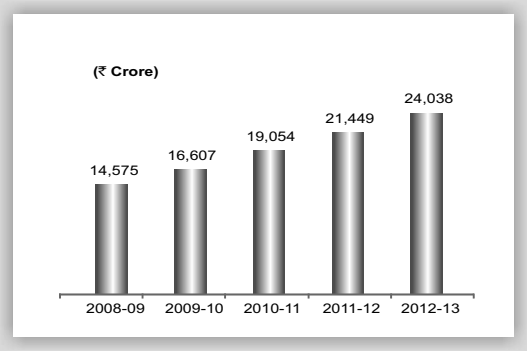
Earnings Per Share



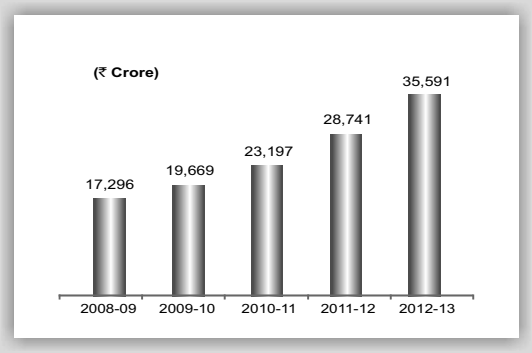
Dividend Per Share



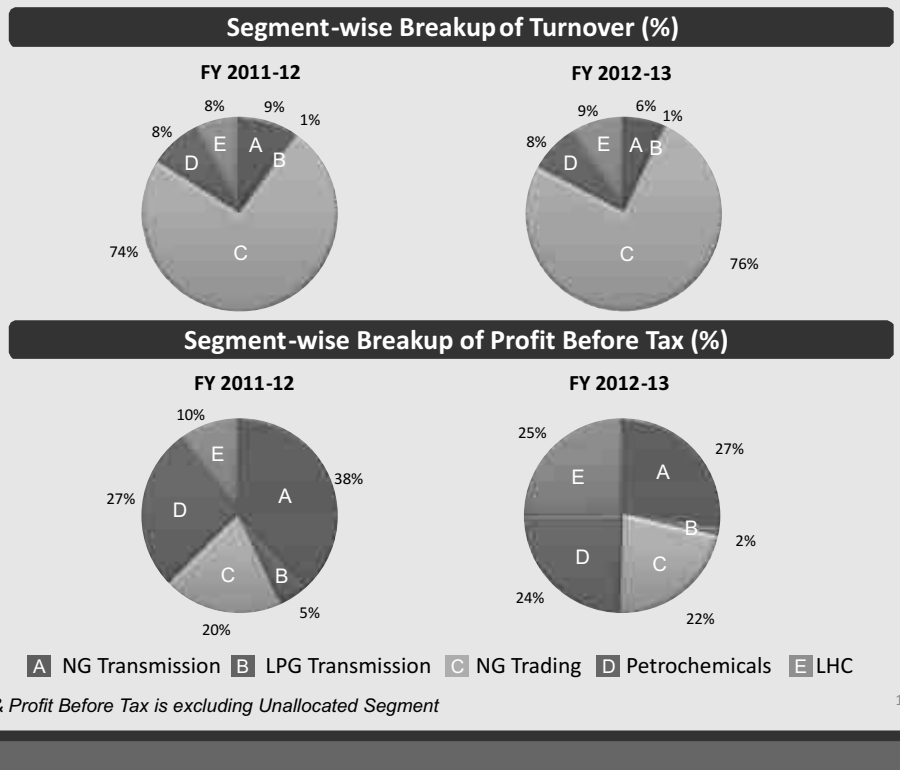
Net Worth



Capital Employed



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Human Resources

Your Company lays strong emphasis on attracting and acquiring best talent and also on efficient deployment of manpower on right jobs as per business requirements of the Company.

Your Company maintained congenial industrial relations during the year. No person days or person hours were lost on account of industrial conflict or any other disturbance.

Amongst 'India's 100 Best Companies to Work For', for the 2nd Consecutive Year*

**Source: As per 'India's Best Companies to Work For Study 2013' conducted by Great Places to Work For Institute, India.*

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Momentum of a Maharatna

As India's youngest **Maharatna**,
we have created a strong foundation for long-term growth.

Operates
3/4th
of the total natural gas pipeline transmission in India

Contributes to more than
1/2
of the natural gas sold in India

Produces
1/5th
of polyethylene produced in India

Responsible for
1/4th
of India's total LPG pipeline transmission

Produces LPG for every
10th
LPG cylinder in India

Supplies gas for about
1/2
of India's fertilizer produced

Supplies gas for about
1/2
of India's gas-based power generation

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Responding to the Energy Challenge

At GAIL, we believe India's growing population and sustained economic growth will continue to drive the demand for energy. These trends will be shaped by other important considerations like energy security, affordability and environmental concerns.

The factors may accelerate the journey towards more diverse sources of energy supply, with emphasis on lower carbon footprint, enhanced efficiency and demand management. We are strengthening our core capability to meet the country's energy challenge.

By expanding our portfolio of upstream assets in the coming years, we are well equipped to help meet the country's growing energy needs. We also entered into a Memorandum of understanding (MoU) with EDF Trading North America, LLC for cooperation in the areas of North American upstream equity gas investments, gas supply to export facilities and LNG supply optimization.

Deals Undertaken

1) Signed 3.5 MMTPA long-term LNG supply contract with Sabine Pass Liquefaction LLC for a term of twenty years
2) Long-term LNG supply contract for 2.5 MMTPA from Russia with Gazprom Marketing and Trading Singapore Ltd for a term of 20 years
3) Signed 20 years liquefaction tolling capacity agreement with Dominion Resources Inc. for liquefying 2.3 MMTPA of Natural Gas at the Cove Point LNG liquefaction terminal, U.S.
4) Entered into three-year contract for 0.72 MMTPA LNG supply with Gas Natural Fenosa, Spain
5) Signed two-year contract for 0.36 MMTPA LNG supply with Gaz De France, France
6) Signed 30 years gas sales purchase agreement with TurkmenGaz for the import of 38 MMSCMD of Natural Gas through TAPI pipeline

Creating a Strong Pipeline Network

During the current financial year, we have completed commissioning of various pipeline networks and auxiliary systems, having a length of about 1,300 km, which include the following:

- 1,000 km Dabhol-Bengaluru Pipeline Project
- 164 km Ludhiana to Jhalandhar and Saharanpur to Haridwar sections of Bawana-Nangal Pipeline Spur Line Project
- Last mile consumer connectivity (74 km) extended to 34 numbers of consumers for supplying around 7.96 MMSCMD gas

Your Company is implementing the following major Natural Gas pipelines:

- Kochi-Koottanand-Bengaluru/Mangalore Pipeline (Phase-II)
- Jagdishpur-Haldia Pipeline
- Surat- Paradip Pipeline

Dabhol LNG Regasification Capacity

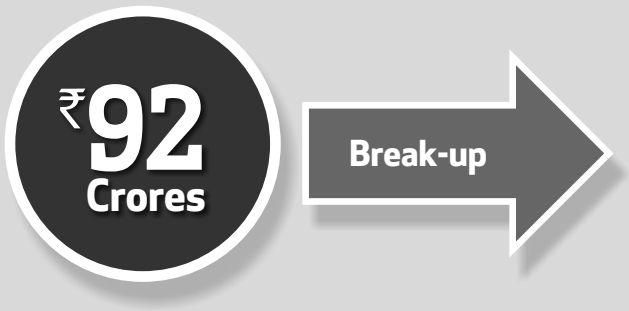
During the year, we commissioned a 5 MMTPA LNG regasification facility at Dabhol in Maharashtra as owner's engineer and we will be its commercial operator for 25 years, underwriting the terminal capacity.

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Our Green Energy is Empowering Lives

At GAIL, a major facet of sustainable development is assessing and managing our environmental footprint and community interventions with diligence and foresight.

Total investments in Corporate Social Responsibility (CSR) during 2012-13



Thrust-wise Allocation

Area	Amount (in ₹ Crores)
Educational/Literacy enhancement	11.33
Infrastructure development	8.86
Skill Development/Empowering	24.67
Community development	22.87
Healthcare/Medical Facilities	9.71
Drinking water/ Sanitation	4.62
Environment protection/Horticulture	0.60
Natural Calamity and other CSR Heads	9.34

Empowering Communities

An enabling approach towards the community lies at the heart of our operations at GAIL. We have in place a comprehensive system to undertake such initiatives. It helps us identify and implement programmes for the community with a project-based approach. Standardized agreements are signed with external partners with distinct timelines to complete the project within the schedule.

Throughout the project lifecycle, we meticulously monitor every step to ensure the sustainability of our interventions. Once completed, these projects will play a major role in helping elevate the lives of people in the community

Education

- Undertook Padho aur Badho initiative to provide non formal education (NFE) and mainstreaming support to 7,500 children through NFE centres across various slums of East, West and South Delhi, Noida and Ghaziabad
- Provided specialized coaching to 100 underprivileged students for admission into premier engineering institutions of the country including IITs and NITs etc. under the GAIL Utkarsh programme at Kanpur, Uttar Pradesh. 23 students have secured admission in various IITs across the country.
- Operated E-shiksha mobile unit, providing computer

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education to 1500 students in Guna district, Madhya Pradesh

- Invested ₹ 1.5 Crores towards the construction of hi-tech central library at Chikaballapur, Karnataka
- Infrastructure & equipment provision in the form of IT facilities, smart classes, drinking water facilities, construction of college buildings, libraries, scientific labs in various regions of Uttar Pradesh, Madhya Pradesh, Gujarat, Goa and Rajasthan.

Infrastructure Development

- Improved the connectivity between villages, towns and cities by constructing village roads, community centres, approach roads and culverts.
- Constructed community toilets and other facilities in identified villages around GAIL's work centres for sustainable community development and promoting hygiene/sanitation.
- Forming bonds within the community through construction of community centre.
- Constructing social infrastructure like Police control room to facilitate interaction between villagers and police authorities
- Undertaking Development work like construction of roads and installation of Handpump/borewells at Bhandara district, Maharashtra.

Skill Development/Empowerment

- Trained over 2,800 youths through employment-linked skill development programme in the tribal regions of Dediapada, Gujarat, and backward regions of Guna, Madhya Pradesh and Tandur, Andhra Pradesh
- Imparted skills training in embroidery, stitching and tailoring, apparel/dress making, handicrafts, beauty culture and others to over 2000 women living in the Delhi/NCR slums under Project GARIMA
- Creation and promotion of livelihood opportunities for 25 tribal villages of Jhabua, M. P. through Market Linked Skill Development in Briquette Making from Bio waste & Fodder Waste residue, Goatery, Poultry and Organic Farming under Project ANHAD GRAM
- Provided vocational training courses in apparel-making, Beautician course, embroidery, handicraft making, web designing, blanket weaving in various regions of UP, MP, Delhi /NCR. Gujarat and Rajasthan.

Healthcare Initiatives

- Provided medical outreach programme covering over 2 Lacs people at four major work centres in Pata, (Uttar Pradesh) Vijaipur, Jhabua and Khera (Madhya Pradesh) through project AROGYA
- Organized medical camps in rural areas to cater to patients suffering from diseases, such as tuberculosis, cancer, thalassemia and others; arranged camps in villages for eye screening and cataract operations
- Upgraded telemedicine centre in a government hospital in Uttar Pradesh
- Contributed towards provision of ambulances, sound-proof rooms, audio centres, diagnostic equipment, computerised ECG equipment, bio-chemistry analyser to various hospitals
- Established vitreo-retinal unit in an eye hospital in Madhya Pradesh
- Established STI Clinic in Madhya Pradesh & Uttar Pradesh and also organised HIV/AIDS Awareness Camps in U.P. and M.P to address the issue.
- Organized Eye care camp to support prevention of blindness and disseminating awareness
- Distributed free medicines to Epilepsy patients.

Initiatives for Differently-abled people

- Provision of specialized vehicles, wheelchairs, reading equipment for differently-abled people.
- Trained the disabled student affected with Cerebral Palsy to use computers & wheelchairs.

Water Management and Community Development

- Started an Integrated Watershed Development and Management project covering nearly 40 water-scarce villages to make them water sufficient and environmentally sustainable
- Collaborated with Sulabh Sanitation Mission Foundation for sanitation in the selected villages of Guna, Madhya Pradesh and Auraiya, Uttar Pradesh
- Undertook rain water harvesting at most of the work centres for captive consumption
- Initiated water projects Beheti dhara and Jaldhara at Vijaipur, Madhya Pradesh, leading to better water management
- Provided better technology access and market linkages to sell products in 25 tribal villages of Jhabua, Madhya Pradesh under project Anhad Gram

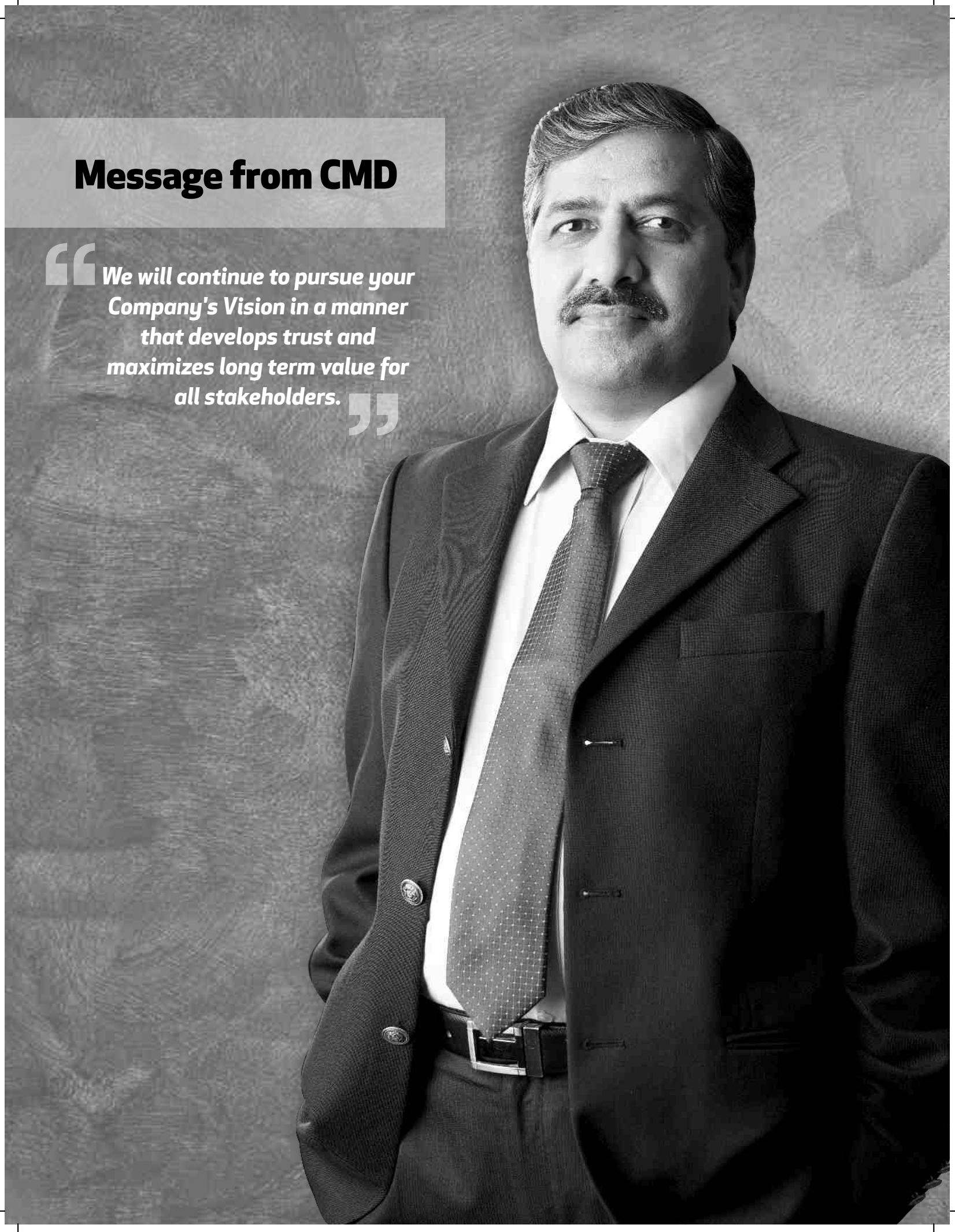
Environment Protection

- Developed a green belt spanning over 17.2 Million square metres, which is approximately 41% of our total land holdings - much beyond regulatory requirements

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Message from CMD

"We will continue to pursue your Company's Vision in a manner that develops trust and maximizes long term value for all stakeholders."



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Dear Shareholder,

It gives me immense pleasure to present to you the Annual Report and Accounts of your Company for the year ended 31st March 2013 - its first after attaining the status of a Maharatna. Your Company is the Youngest Public Sector Enterprise to attain this coveted recognition. This status provides greater operational flexibility and higher empowerment to undertake mergers & acquisitions, and investments in joint ventures, subsidiaries etc. It will enable your Company to expand its global footprint and work towards enhancing India's energy security.

Your Company performed commendably against the backdrop of a challenging global economic and business scenario. Economic growth in India also slowed down during 2012-13 while the Government is pursuing policy measures to put the economy back on growth path. In this context, it is pertinent to mention that energy plays a key role not only in driving India's economic growth but also social progress. However, India is an energy deficit country with a large majority of people not having access to clean and modern sources of energy. This places a big responsibility on your Company to not only secure adequate and clean energy resources but also to make them available at affordable prices to people and industries.

Your Company is taking several steps to ensure the supply of the cleanest fossil fuel - natural gas -across the length and breadth of India through building necessary physical and soft infrastructure. Natural Gas currently comprises around 10% of India's energy basket which may reach 15% by 2020. The current emphasis on natural gas will rise further in India's journey towards a low-carbon economy.

During the year 2012-13, your Company registered an 18% increase in Net Revenue to ₹47,333 Crore, which is also the highest ever in its history. Despite sharing subsidies on price-sensitive petroleum products to the tune of ₹2,687 Crore, the Profit after Tax increased by 10% to ₹4,022 Crore during the year.

To secure natural gas supply, your Company executed a long-term LNG supply agreement for 2.5 MMTPA with Gazprom Marketing and Trading Ltd., Singapore. It also entered into a long-term liquefaction tolling capacity agreement for 2.3 MMTPA of LNG with Dominion Resources Inc. of the US. Your Company contracted Mid-term LNG supply agreements with Gas Natural Fenosa, Spain and GDF, France besides importing spot cargoes to meet short term demand.

Your Company has commissioned 5 MMTPA LNG Terminal at Dabhol, Maharashtra as Owner's Engineer and will be the Commercial Operator of the terminal for 25 years. This Terminal will act as the gateway to meet the gas demand of consumers in Maharashtra, Goa and Karnataka through imported gas. To meet the ever increasing demand along its existing pipeline network, your Company also reserved 2.5 MMTPA capacity in the planned expansion of LNG terminal at Dahej in Gujarat.

By adding 1,300 km of new gas pipelines to its network during 2012-13, your Company increased its pipeline network to 10,700 km with a capacity of 210 MMSCMD of gas transmission. With commissioning of two new pipeline projects, namely Dabhol-Bengaluru (Phase-I) and Kochi-Koottanad-Mangalore/Bengaluru (Phase-I) projects, your Company has entered newer markets in the southern states of Karnataka, Goa and Kerala. We plan to expand your Company's network to around 15,000 Kms within the next few years.

To further strengthen its foothold in the petrochemicals sector, your Company is doubling the capacity of its existing petrochemical plant at Pata, Uttar Pradesh. Thus, your Company is committed to deliver value across the entire gas chain.

Going ahead, your Company will continue its thrust on global sourcing and will acquire gas through transnational pipelines besides using traditional sources. It is also planning to venture in LNG Shipping through a joint venture model to bring home the LNG contracted internationally. To develop domestic gas market, your Company will continue pipeline network expansion and develop or book new re-gasification capacity. It will also continue to expand its petrochemicals portfolio. Your Company's MoU with EDF Trading of the US for cooperation in upstream opportunities in North America and in LNG projects etc. will pave the way for its international trading operations. In the downstream sector, your Company will expand the City Gas Distribution network across new cities through Joint Ventures and Subsidiaries. The long-term objective is to strengthen India's energy security and play a pivotal role in the country's socio-economic development.

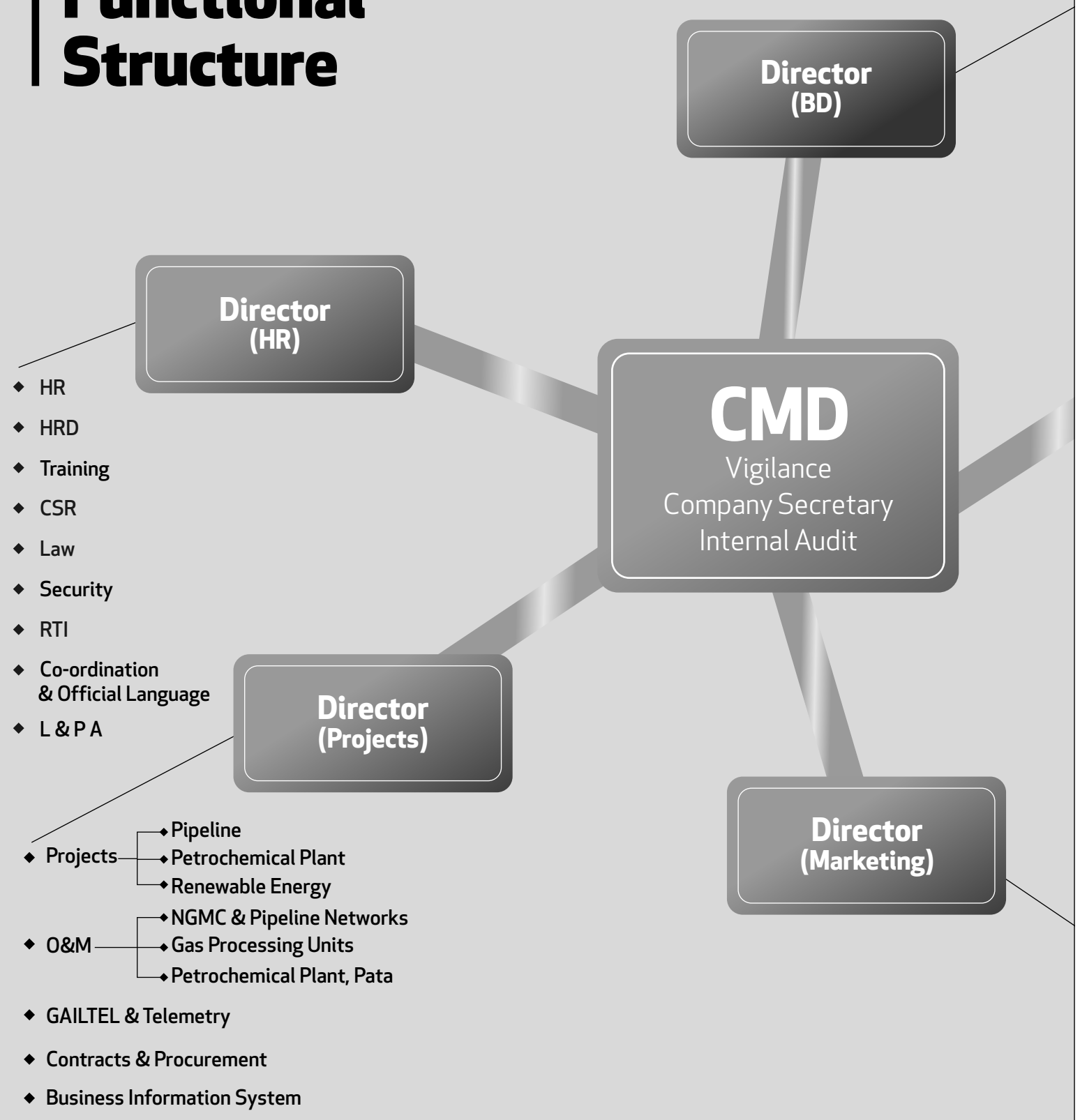
Your Company focusses strongly on acquiring the best talent and developing it to meet the requirements of emerging challenges in the energy market. Environmental sustainability and societal relevance continue to shape the long-term growth strategy of your Company. It follows a project based approach in CSR initiatives, which has helped transform the lives of communities in and around its work centres and projects.

On behalf of the Board of Directors and the entire Team GAIL, I thank you for your untiring support in making us the Youngest Maharatna Company of India. With the confidence reposed by you, we will continue to pursue your Company's Vision in a manner that develops trust and maximizes long term value for all stakeholders.

B. C. Tripathi
(Chairman & Managing Director)

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Functional Structure



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- BD
 - Joint Ventures
 - M&A
 - Diversification
 - International Business
- Corporate Planning
- Project Development
- E&P
- R&D
- TQM
- HSE
- Risk Management

- Accounts
- Mgmt. Accounting & Investor Relations
- Taxation
- Project Evaluation
- Treasury & Banking
- Accounts Receivable, Accounts Payable & Insurance
- Costing

Director (Finance)

- Gas Sourcing (Domestic and International)
- Gas Marketing & Transmission
- Polymer Marketing
- LHC Marketing
- City Gas Distribution
- Market Development
- Pricing
- Regulatory Affairs
- Corporate Communication
- Petrochemical Sourcing

BOARD STRUCTURE

Functional Directors

Sh. B.C. Tripathi
Chairman & Managing Director

Sh. R.D. Goyal
Director (Projects)

Sh. Prabhat Singh
Director (Marketing)

Sh. S. Venkatraman
Director
(Business Development)

Sh. P.K. Jain
Director (Finance)

Sh. M. Ravindran
Director (Human Resources)

Government Nominee Directors

Sh. Rajive Kumar
Director

Sh. P. K. Singh
Director

Independent Directors

Sh. Arun Agarwal
Director

Smt. Shyamala Gopinath
Director

Dr. A. K. Khandelwal
Director

Committees of the Board

Audit Commitee
Arun Agarwal- Chairman ● Prabhat Singh ● Shyamala Gopinath ● Dr. A K Khandelwal

Business Development & Marketing Committee
Shyamala Gopinath- Chairperson ● Prabhat Singh ● S. Venkatraman ● P.K. Jain ● P.K. Singh ● Arun Agarwal ● Dr. A.K. Khandelwal

Corporate Social Responsibility Committee
B.C. Tripathi- Chairman ● M. Ravindran ● Shyamala Gopinath

Employee Disciplinary Committee
Dr. A K Khandelwal - Chairman ● Two Functional Directors (To be nominated by CMD on case-to case basis.)

Empowered Contracts & Procurement Committee (ECPC)
● CMD and all the Functional Directors. CMD is the Chairman of the Committee.

Empowered Committee (Natural Gas, LNG & Polymers) for import of Natural Gas/LNG/Polymers
B.C. Tripathi - Chairman ● Prabhat Singh ● S. Venkatraman ● P.K. Jain ● P. K. Singh

Ethics Committee
Shyamala Gopinath - Chairperson ● S. Venkatraman ● M. Ravindran

Finance Committee
Shyamala Gopinath - Chairperson ● P.K. Jain ● Arun Agarwal ● Dr. A. K. Khandelwal

H.R. Committee
B.C. Tripathi - Chairman ● All the Functional Directors ● Arun Agarwal ● Dr. A K Khandelwal

Health Safety & Environment Committee
Arun Agarwal - Chairman ● R.D. Goyal ● S. Venkatraman

Project Appraisal Committee
B.C. Tripathi - Chairman ● P.K. Jain ● P K Singh ● Arun Agarwal ● Concerned Functional Director

Remuneration Committee
Dr. A K Khandelwal - Chairman ● Shyamala Gopinath ● Arun Agarwal

Shareholders/Investors Grievance Committee
Shyamala Gopinath - Chairperson ● Prabhat Singh ● M. Ravindran

Stakeholders' Grievance Redressal Committee
Dr. A K Khandelwal - Chairperson ● P.K. Jain ● Concerned Functional Director not involved w.r.t. subject disputes, such as:

Sustainable Development Committee
● Arun Agarwal - Chairman ● R.D. Goyal ● Prabhat Singh ● S. Venkatraman ● P.K. Jain ● M. Ravindran

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Board of Directors



Sh. B.C. Tripathi
Chairman & Managing Director

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Sh. R.D. Goyal
Director (Projects)



Sh. Prabhat Singh
Director (Marketing)



Sh. S. Venkatraman
Director (Business Development)



Sh. P.K. Jain
Director (Finance)



Sh. M. Ravindran
Director (Human Resources)
(w.e.f. 01.06.2013)



Sh. Rajive Kumar
Director
(w.e.f. 26.06.2013)



Sh. P.K. Singh
Director
(w.e.f. 10.04.2013)



Sh. Arun Agarwal
Director



Smt. Shyamala Gopinath
Director



Dr. A. K. Khandelwal
Director



Sh. S.L. Raina
Director (Human Resources)
(upto31.05.2013)



Sh. Sudhir Bhargava
Director
(upto 08.05. 2013)



Dr. Neeraj Mittal
Director
(upto 10.04.2013)

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Directors' Report



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Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am delighted to present the 29th Annual Report of your Maharatna Company, along with Audited Financial Statements for the financial year 2012-13.

YEAR IN RETROSPECT

The year gone by shall always be remembered as a golden year of your Company. This year, your Company received Maharatna Status - another recognition by the Government of India of your Company's potential and efforts to be a global energy major. It also acknowledges the significant role that your Company is playing in the nation's social and economic development. Your Company is the youngest public sector undertaking to be recognized with this honor.

Your Company made a landmark achievement by commissioning 5 MMTPA LNG regasification facility at Dabhol. Further, 1,000 Km long Dabhol-Bengaluru pipeline project was also commissioned during the year.

Subsidiary of your Company in the USA has signed a Terminal Service Agreement (TSA) with Dominion Cove Point LNG LP in USA for a commitment of 2.3 MMTPA liquefaction capacity in the Cove Point LNG liquefaction terminal project in the US. The LNG from this terminal will be available for bringing to India as well as trading it in the international markets. With this milestone, your Company will have access to 5.8 MMTPA of LNG linked to Henry Hub prices.

Further, your Company has become the No 1 Indian Company in terms of long term LNG and natural gas import tie-ups.

FINANCIAL HIGHLIGHTS

Your Company has recorded sustained growth in all key financial parameters during the year 2012-13 and the important financial highlights are as under: (₹ in Crores)

Particulars	2012-13	2011-12
Turnover (Net of ED)	47,333	40,281
Other income	954	808
Cost of sales (excluding interest and depreciation and including extraordinary items)	41,054	34,842
Gross margin	7,233	6,247
Interest	195	116
Depreciation	981	791
Profit before tax	6,058	5,340
Provision for tax	2,036	1,686
Appropriations		
Interim dividend	507	381
Proposed final dividend	710	723
Corporate dividend tax	203	179
Net transfer to/from bond redemption reserve	(0.43)	(24)
Transfer to CSR reserve	13.13	-
Transfer to General Reserve	402	365
Net surplus after Appropriations	**2,187**	**2,030**



Shri B.C. Tripathi, CMD GAIL speeking on the occasion of Investors & Analyst Meet at Mumbai

DIVIDEND

Your Company has a consistent track-record of dividend payment. So far, your Company has disbursed dividend of over ₹ 10,500 Crores to the shareholders.

The Board of Directors of your Company had earlier approved payment of an interim dividend @ 40% on equity share of ₹10 each (₹4 per equity share) amounting to ₹507 Crores, which was paid in February, 2013. Further, the Board has recommended payment of final dividend @ 56% on equity share of ₹10 each (₹ 5.60 per equity share) for 2012-13.

With this, the total dividend payment for the fiscal year 2012-13 will be 96% on equity share of ₹ 10 each (₹ 9.60/- per equity share) amounting to ₹ 1,217 Crores on its paid-up equity capital of ₹ 1,268.48 Crores, which is highest ever dividend paid by the Company. The total dividend payout including dividend tax accounts for 30.28% of profit after tax.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed over ₹ 5,780 Crores in 2012-13 to the exchequer through dividend, duties, taxes and others, as compared to ₹5,560 Crores in 2011-12.

CREDIT RATING

Your Company has been reaffirmed the highest domestic credit rating of AAA from ICRA, CARE and CRISIL, which indicate the highest credit quality and rated instruments carry the lowest credit risk. The international rating agency, Moody's International, Hong Kong, has also reaffirmed the corporate issuer rating of Baa2, which is one notch higher than sovereign rating. Further, Fitch Ratings has also assigned a long-term foreign currency issuer default rating of BBB- with a negative outlook, which is equal to sovereign rating.

BUSINESS STRATEGY

To pursue a high growth trajectory, your Company has developed strategy for the period from 2011- 2020. This strategy is currently under execution and the Company is closely monitoring progress on various strategic initiatives as well as keeping track of changes in external environment that have potential impact on its business. The top management of your Company has been playing a key role in driving it towards becoming an integrated hydrocarbon major with significant upstream, midstream and downstream interests by 2020.

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In the upstream segment, your Company aspires to import substantial LNG through conventional route as well as through terminal capacity booking and also acquire equity in producing assets/liquefaction facilities to source equity-linked LNG. Having acquired the Maharatna status, your Company would be able to pursue M&A opportunities vigorously. Your Company has made remarkable progress in sourcing LNG by finalizing several short/ medium term and long-term deals with suppliers, like GDF (France), GNF (Spain), Sabine Pass Liquefaction LLC (US) and Gazprom (Russia). Further, a US subsidiary of your Company has booked LNG capacity in Dominion Cove Point's LNG liquefaction terminal in US. Besides, the Company is in discussion with other potential suppliers to tie-up more volumes. In addition, your Company is pursuing multiple trading plays in LNG through its wholly owned subsidiary, GAIL Global Singapore Pte Limited.

To support higher LNG volumes, your Company plans to set up LNG terminals/floating storage and regasification units and also tie-up additional regasification capacities in existing and new terminals being set up by other companies. Your Company has successfully commissioned LNG terminal at Dabhol, as owner's engineer and also tied-up additional regasification capacities at this LNG terminal with RGPPL. Further, your Company also tied-up additional regasification capacities at Dahej LNG terminal with Petronet LNG Limited (PLL).

Considering the growing natural gas demand and India's energy security, your Company is actively participating in the transnational pipeline project, Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project. GSPA has been signed to import 38 MMSCMD gas into the country through this pipeline.

In the midstream segment, your Company aspires to retain in leadership position through continuous pan-India expansion of pipeline network. Your Company recently commissioned the Dhabol-Bengaluru pipeline to bring gas to Bengaluru, the IT hub of India, and other potential demand centres along this pipeline. With this, your Company now has a total network of over 10,700 km pipeline in the country. Various other pipeline projects at different phases of execution will take the network size to 15,000 km by 2015.

On the retail side, your Company is targeting additional 40-50 cities/Geographical Areas (GAs) through its subsidiary and JVs for City Gas Distribution (CGD) in the coming few years. Your Company's wholly owned subsidiary, GAIL Gas Limited, is progressing on track with respect to the city gas projects in the cities of Kota, Dewas, Meerut and Sonepat.

In the downstream segment, your Company aspires to be among the top petrochemical players in the country by expanding existing capacities, setting up new plants, acquiring equity stakes in upcoming projects, along with product off-take rights for marketing. Your Company is currently doubling existing capacity at Pata and the project is expected to be completed on schedule. A greenfield petrochemical plant is also being set up in Assam through your Company's subsidiary, Brahmaputra Cracker & Polymer Limited (BCPL). Another plant at Dahej is being set up through a JV, ONGC Petro-additions Limited (OPaL). By 2015, your Company is expected to market 1.7 MMTPA of polymers. For handling such a large product portfolio, your Company is strengthening its petrochemical trading capability as well as scaling up its distribution network.

As a responsible corporate citizen, your Company aims to reduce carbon footprint in a phased manner and contribute towards low carbon economy. For this, your Company has set targets for renewable energy projects and significant progress has been made so far. On the wind energy front, your Company plans to set up 500 MW wind power capacity in the next 3-4 years and against this, about 118 MW capacity has already been set up. Further, your Company has also established a 5 MW solar project in Rajasthan and plans to set up additional capacities in the coming years.

In order to achieve all the strategic goals efficiently and in a time bound manner, your Company is giving significant thrust on strengthening and developing its human resource. Your Company's training and development policies are being suitably aligned with strategic objectives to enable the organization to implement strategic plans by 2020.

BUSINESS SEGMENT PERFORMANCE

During the year under review, the segment wise business performance of your Company is as under:

- **Natural Gas Marketing**

 Natural gas continues to constitute your Company's core business. During 2012-13, gas sales clocked 81.44 MMSCMD, compared to 84.17 MMSCMD in the previous financial year. Major supplies of natural gas include fuel to power plants, feedstock for gas-based fertilizer plants and LPG extraction. Your Company holds around 60% market share in India's gas marketing.

- **Natural Gas Transmission**

 Your Company owns and operates a network of about 10,700 kms of natural gas high pressure trunk pipeline with a pan-India capacity of around 210 MMSCMD of natural gas. Average gas transmission during the year was 104.9 MMSCMD, compared to 117.62 MMSCMD in the previous financial year.

- **LPG Transmission**

 Your Company is the only one in India, which owns and operates exclusive pipelines for LPG transmission for third-party usage. Your Company owns and operates two LPG Pipeline transmission systems with a total length of 2,038 kms. Out of this, 1,415 km of pipeline network transports LPG from western to northern parts of India (Jamnagar – Loni pipeline) and the balance 623 kms of pipeline network transports LPG in the country's southern part (Vizag-Secunderabad pipeline). The LPG transmission system has a capacity to transport up to 3.8 MMTPA of LPG. In 2012-13, the LPG transmission throughput achieved was about 3.136 Million MT.

- **Petrochemicals**

 During 2012-13, your Company has produced 437 Thousand MT of polymers and sold 427 Thousand MT of polymers.

- **LPG and Other Liquid Hydrocarbon Production**

 Your Company has seven LPG plants in the country. In 2012-13, total liquid hydrocarbon production was about 1.376 Million MT, which mainly included 1.078 Million MT of LPG, 0.130 Million MT of Propane, 0.02 Million MT of Pentane and 0.148 Million MT of Naphtha.

- **Exploration and Production (E&P)**

 The E&P portfolio of your Company is as follows:

	India	Overseas	Total
Onshore blocks	10	-	10
Shallow water blocks	3	2	5
Deep water blocks	15	-	15
Total	**28**	**2**	**30**

Hydrocarbon discoveries are in place in seven E&P blocks (five domestic blocks and two overseas blocks). Crude oil production is in progress from one of the onland blocks in Cambay basin and during 2012-13, revenue of ₹ 78 Crore have been generated.

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Development activities are in progress in blocks A-1 and A-3 at Myanmar offshore since November, 2009. Four development wells have been drilled in Myanmar's Mya field. Drilling of additional development well in Myanmar's Shwe field is in progress. Further, Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) work is in progress for drilling and production platforms. Gas production is expected to start during 2013-14.

Field Development Plan for one oil discovery in the block CB-ONN-2003/2 (Ankleshwar onland) has been approved. Declaration of commerciality has been submitted to the Government for approval in the Tripura onland block (AA-ONN-2002/1).

Your Company is operating three onland blocks (in Rajasthan, Cambay and Cauvery onland block) and is the joint operator in one Cambay onland block. During 2012-13, two exploratory wells were drilled in the Rajasthan onland block (RJ-ONN-2004/1). Seismic data acquisition has been completed in the Cauvery onland block (CY-ONN-2005/1) and interpretation of the data is in progress. The Government has granted the petroleum exploration license for Cambay onland block (CB-ONN-2010/11). Seismic data acquisition in this block is planned during 2013-14.

In addition to four E&P blocks that were awarded during 2011-12, your Company was awarded one more E&P block CB-ONN-2010/8 in Cambay onland basin (where BPRL is the operator) during 2012-13 under NELP-IX bidding round.

BUSINESS DEVELOPMENT

- **Global Initiatives**

During 2012-13, your Company executed a long-term LNG supply contract for 2.5 MMTPA from Russia with Gazprom Marketing and Trading Singapore Limited. Under the terms of the agreement, your Company is expected to receive 2.5 Million MT of LNG / year over 20 years, starting from 2018-19. Under the contract, LNG will be sustainably priced with an oil-indexed formula and delivered to India's Dahej, Dabhol and Kochi terminals.

Further, your Company had also contracted 0.72 MMTPA (12 cargoes/year) LNG supply with Gas Natural Fenosa, Spain, for a three-year term starting 2013 and 0.36 MMTPA (6 cargoes per year) LNG supply with Gaz De France, France, for a two-year term starting 2013. These contracts were executed during this financial year to encounter the immediate concerns of domestic supply shortage. In addition, during this financial year, your Company imported spot cargoes equivalent to 0.30 MMTPA from time-to-time.

In April, 2013, a US subsidiary of your Company signed Terminal Service Agreement (TSA) with Dominion Cove Point LNG LP for booking 2.3 MMTPA liquefaction capacity over 20 years in the Cove Point LNG liquefaction terminal project in US. Your Company is exploring various options for sourcing and transportation of gas for supplying gas to this LNG terminal.

Further, Your Company has signed a Memorandum of Understanding (MOU) with EDF Trading North America, LLC (EDFT) for cooperation in the areas of North American upstream equity gas investments, gas supply to export facilities and LNG supply optimization.

Your Company is pursuing Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project for import of gas to India. Agreements with respect to Transit fee and Transportation tariff are likely to be concluded soon. Your Company is playing a lead role in discussions on the project

- **Domestic initiatives**

The domestic business initiatives of your Company are as follows:

❖ **Natural gas pipeline projects**

During the financial year, your Company completed commissioning of various pipeline networks and auxiliary systems, having a length of about 1,300 km, which include the following:

- 1,000 Km Dabhol-Bengaluru Pipeline Project
- 164 Km Ludhiana to Jalandhar and Saharanpur to Haridwar sections of Bawana Nangal Pipeline Spur Line Project
- Last mile consumer connectivity (74 km) extended to 34 numbers of consumers for supplying around 7.96 MMSCMD gas
- RLNG terminal at Dabhol commissioned as Owner's Engineer

Apart from these, 41 Km Kochi-Koottanad-Bengaluru/Mangalore Phase-I Pipeline Project has been mechanically completed. However the commissioning of the same line would be done synchronizing with the PLL Kochi LNG Terminal and also the readiness of end consumers.

❖ **LNG Regasification Terminals and Shipping**

Your Company has successfully commissioned LNG terminal at Dhabol as owners engineers and also tied up additional re gasification capacity at this terminal with RGPPL. Your Company has underwritten the terminal capacity and will be the commercial operator of Dabhol terminal for 25 years. Dabhol Terminal will act as a gateway to meet the gas demand of consumers in Maharashtra, Goa and Karnataka.

Your Company also entered into an understanding with Petronet LNG Limited for reserving exclusive 2.5 MMTPA in the planned Dahej expansion LNG terminal in Gujarat to meet ever increasing demand along its existing pipeline networks.

Your Company is formulating a 'Shipping Strategy' for shipping LNG from Sabine Pass and Dominion Cove Point LNG terminals in the US.

❖ **Renewable Energy**

Your Company had installed till date wind energy projects of 117.95 MW capacity. GAIL had started with a modest capacity of 4.5 MW wind energy in State of Gujarat in year 2009-10 for captive use. After the success of wind project, additional Wind Energy Generation of 14.7 MW was installed in the State of Gujarat for captive use in year 2011-12. Your Company graduated to commercial production after commissioning 98.75 MW of wind energy projects in the states of Tamil Nadu and Karnataka in year 2011-12.

In 2011-12, your Company entered into solar power generation by winning the bid to set up a 5 MW solar plant under Jawaharlal Nehru National Solar Mission. The Project was commissioned in February 2013 and is generating 30,000-35,000 KWh per day.

SUBSIDIARIES AND JOINT VENTURES

Your Company has formed subsidiaries and joint venture companies for CGD, petrochemicals, LNG, gas trading, power generation and shale gas. Your Company is one of the pioneers to introduce city gas projects in India for natural gas supplies to households, commercial and transport sectors through its subsidiary and joint venture companies.

The details of subsidiary and joint venture companies are mentioned hereunder:

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- **Natural Gas, LNG and Power**

❖ **GAIL Global (Singapore) Pte Limited (wholly owned subsidiary)**

GAIL Global (Singapore) Pte Limited, primarily started as an overseas investment arm of your Company and was operationalized for LNG trading in 2012. It has commenced its business operations and successfully delivered its first cargo at Dahej in November, 2012. The Company is also targeting third-party sales, ship chartering and risk management activities along with supplying LNG cargoes to India.

Total revenue of the Company for 2012-13 was USD 33 Million and Profit After Tax was USD 0.92 Million.

❖ **GAIL Global (USA) Inc (wholly owned subsidiary)**

GAIL Global (USA) Inc., a wholly owned subsidiary of your Company, was formed during 2011-12. The main aim behind forming this subsidiary was to acquire 20% working interest in an unincorporated joint venture with Carrizo Oil & Gas Inc. in the Eagle Ford shale acreage in the state of Texas. The subsidiary is operational at Houston and going forward, would explore other business opportunities in North America.

Total revenues of the Company for the year ended 31st December, 2012 were USD 21 Million and Profit After Tax was USD 3.97 Million.

❖ **GAIL Global (USA) LNG LLC (wholly owned subsidiary)**

GAIL Global (USA) LNG LLC, a wholly owned subsidiary of GAIL Global (USA) Inc., was formed in the state of Delware, USA on 28th March, 2013 for entering into contractual agreements with Dominion Cove Point LNG, LP for booking of LNG Tolling capacity of 2.3 MMTPA in its Dominion Cove Point LNG terminal located at Lusby in the state of Maryland and for booking capacity in associated Dominion Cove Point Pipeline.

GAIL Global (USA) LNG LLC has adopted calendar year as its fiscal year, as such the first accounts of the Company will be prepared for the year ended 31st December, 2013.

❖ **GAIL China Gas Global Energy Holdings Limited**

The joint venture company, GAIL China Gas Global Energy Holdings Limited, was formed with an objective to pursue gas sector opportunities, mainly in China. Potential gas sector projects are being identified for implementation by the company. Your Company has 50% equity interest in it, along with China Gas Holdings Limited as equal partner.

❖ **Petronet LNG Limited (PLL)**

PLL was formed to set up LNG import and re-gasification facilities. It currently owns and operates LNG re-gasification terminal of 10 MMTPA capacity located at Dahej, Gujarat. PLL has a long-term LNG supply contract with Ras Gas, Qatar, to import 7.5 MMTPA of LNG. This Joint Venture of your Company is planning to expand capacity to 15 MMTPA at Dahej, for which pre-project activities are in progress. Further, PLL is also setting up an LNG re-gasification terminal at Kochi, Kerala, with a capacity of 5 MMTPA. This facility is scheduled to be commissioned in 2013. PLL has entered into long-term LNG supply contract with Exxon Mobil's Gorgon Project to supply 1.44 MMTPA of LNG for its Kochi terminal.

Your Company has 12.5% equity stake in PLL, along with BPCL, Oil and Natural Gas Corporation Limited (ONGC) and Indian Oil Corporation Limited (IOCL) as equal partners.

Total revenue of the Company for 2012-13 was ₹ 31,554 Crore and Profit After Tax was ₹1,149 Crore.



Shri B.C. Tripathi, CMD, GAIL receiving Certificate of **Maharatna Status** from Shri Pranab Mukherjee Hon'ble President of India

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❖ **Ratnagiri Gas and Power Pvt. Limited (RGPPL)**

RGPPL was formed in July, 2005 as joint venture for taking over and operating erstwhile Dabhol Power Project assets consisting of 1967.08 MW gas based combined cycle Power Block and 5 MMTPA LNG Block. The assets were transferred to RGPPL in October, 2005.

The Power Block has been revived and under commercial operation since 19th May, 2009. The Power Block operated at a Power Load Factor (PLF) of 31.21% during 2012-13.

The Gas delivery to your Company's pipeline network through High Pressure delivery system was started in January, 2013. Subsequent to which necessary systems required for commercial operation has been commissioned with effect from 22nd May 2013. Since the power generation is envisaged using the domestic gas entirely, integrated LNG terminal shall be utilized for tolling purposes. RGPPL has already entered into a long term agreement with your Company for commercial utilization of LNG terminal and commenced tolling operations.

As on 31st March, 2013, the paid up capital of the Company was ₹ 2916 Crore and out of this, your Company's share of contribution was ₹ 974 Crore. RGPPL has met its full debt servicing obligations upto 2012-13 and paid maiden dividend @5% in 2011-12.

Your Company has 32.86% equity stake in RGPPL alongwith NTPC holding 32.86%, MSEB Holding Company Limited 17.41% and Indian Financial institutions 16.87%.

The Company's total revenue for 2012-13 was ₹ 2,290 Crore and suffered a loss of ₹375 Crore.

• **City Gas Distribution (CGD)**

❖ **GAIL Gas Limited (wholly owned subsidiary)**

GAIL Gas was incorporated with an objective of focused implementation of the country's CGD projects. GAIL Gas today operates over 300 Km of steel pipeline network and approximately 500 Km of MDPE Pipeline in the cities of Sonipat, Meerut, Dewas, Kota, Agra & Ferozabad.

GAIL Gas has put up a total CNG Compression Capacity of around 2.50 Lac Kg/day through 10 Mother/Online CNG Stations &7 Daughter Booster Stations at Sonipat, Meerut, Dewas, Kota, Vijaipur, Panvel, Firozabad and Vadodara.

Your Company's subsidiary has taken up investment for setting up the infrastructure along the national highways for building green corridors. To encourage the conversion of vehicles on CNG and make CNG refuelling available at highways, GAIL Gas has commissioned two CNG stations at Panvel & Vijaipur; two more stations at Dibiyapur & Kovvur are scheduled to be commissioned in 2013-14.

GAIL Gas is supplying natural gas to 422 industrial units and 11 commercial customers. GAIL Gas has also commenced gas supplies to around 4,400 domestic customers progressively in the cities of Sonipat, Meerut, Dewas and Kota.

GAIL Gas is implementing the CGD Project in Taj Trapezium Zone (TTZ) including Ferozabad, Fatehpur-Sikri, Bharatpur, Govardhan & Vrindavan, with a total project cost of ₹146 Crores.

GAIL Gas has implemented uniform price mechanism in Taj Trapezium Zone (TTZ) area w.e.f. 16.7.2012. The marketing activities of GAIL Gas are progressing well and GAIL Gas has tied-up over 580 industrial and 45 commercial consumers. GAIL Gas has also signed over 200 GSCs with the customers at Mandi Gobindgarh and Khanna.

GAIL Gas Joint venture foray at the state level has already commenced with the incorporation of the JV with Kerala State Industrial Development Corporation (KSIDC) in Kerala as Kerala GAIL Gas Ltd. and with Andhra Pradesh Gas Infrastructure Corporation Ltd. (APGIC) in Andhra Pradesh as Andhra Pradesh Gas Distribution Corporation Ltd. (APGDC) for pursuing Gas Distribution opportunities in respective States .Furthermore GAIL Gas has joined hands with Vadodara Mahanagar Sewa Sadan (VMSS) for expansion of ongoing City Gas Distribution in the city of Vadodara. Similarly GAIL Gas is in advanced stage for formal tie-ups with Rajasthan State Petroleum Corporation Ltd. (RSPCL) and Karnataka State Industrial & Infrastructure Development Corporation Ltd. (KSIIDC) in the states of Rajasthan & Karnataka for distribution of natural gas to small/ medium industrial units in various clusters along the pipeline corridor and dispensing of CNG to vehicles.

❖ **Aavantika Gas Limited (AGL)**

AGL was incorporated to implement CGD projects in Madhya Pradesh. As on 31st March, 2013 was operating 14 CNG stations including 7 Daughter stations, 5 Online stations and 2 Mother stations.

Further, during 2012-13, AGL supplied PNG to over 1380 domestic, 24 industrial and 6 commercial consumers in their authorized geographical region. AGL is also catering to fuel requirement of over 11,000 CNG vehicles operating in the region. Your Company has 22.5% stake in AGL, along with HPCL as equal partner.

Total revenue of the Company for 2012-13 was ₹ 119 Crore and Profit After Tax was ₹0.21 Crore.

❖ **Bhagyanagar Gas Limited (BGL)**

BGL was incorporated to implement CGD projects in Andhra Pradesh. As on 31st March, 2013, BGL was operating 29 CNG stations including 24 Daughter stations, 2 Online stations and 3 Mother stations. Further, project work in respect of three CGD projects, namely Hyderabad, Vijayawada and Kakinada, are in progress.

During 2012-13, BGL supplied PNG to over 1700 domestic, 15 commercial and 1 industrial consumer in its authorized geographical region. BGL is also catering to fuel requirement of around 20,000 CNG vehicles operating in the region. Your Company has 22.5% stake in the Company, along with HPCL as equal partner.

Total revenue of the Company for 2012-13 was ₹ 84 Crore and Profit After Tax was ₹3 Crore.

❖ **Central U.P. Gas Limited (CUGL)**

CUGL was incorporated to implement CGD projects in Uttar Pradesh. As on 31st March, 2013, CUGL was operating 12 CNG stations including 2 mother stations and 10 online stations.

During 2012-13, CUGL supplied PNG to around 3000 domestic, 30 industrial and 40 commercial customers in its authorized

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geographical regions. BGL is also catering to fuel requirement of around 35,000 CNG vehicles operating in the region. Your Company has 25% stake in the joint venture, along with BPCL as equal partner.

Total revenues of the Company for 2012-13 was ₹ 148.02 Crore and Profit After Tax was ₹ 20.98 Crore.

❖ **Green Gas Limited (GGL)**

GGL was incorporated to implement CGD projects in U.P. As on 31st March, 2013, GGL was operating 11 CNG stations including 6 Daughter stations, 2 Online stations and 3 Mother stations. The Ministry of Petroleum and Natural Gas (MoPNG) has authorized GGL for CGD in Lucknow and Agra.

During 2012-13, GGL supplied PNG to around 1600 domestic, 3 industrial and 2 commercial customers in its authorized geographical regions. GGL is also catering to fuel requirement of around 25,000 CNG vehicles operating in the region. Your Company has 22.5% stake in the joint venture, along with IOCL as equal partner.

Total revenue of the company for 2012-13 was ₹ 126 Crore and Profit After Tax was ₹ 21 Crore.

❖ **Indraprastha Gas Limited (IGL)**

IGL was incorporated to implement CGD projects in Delhi's NCT and cities in adjoining National Capital Region (NCR). As on 31st March, 2013, IGL was operating 324 CNG stations including 149 mother stations, 124 online stations and 51 daughter stations.

During 2012-13, IGL supplied PNG to around 3.8 Lac domestic, 400 industrial and 950 commercial customers in its authorized geographical regions. IGL is also catering to fuel requirement of around 6.5 Lac CNG vehicles operating in the region, which includes the entire public transport of the national capital and also the world's largest bus fleet on CNG. Your Company has 22.5% stake in the joint venture, along with BPCL as an equal partner.

Total Revenue and Profit After Tax (PAT) of the Company for 2012-13 are ₹ 3,380 Crore and ₹ 354 Crore respectively.

❖ **Mahanagar Gas Limited (MGL)**

MGL was incorporated to implement CGD projects in Mumbai and adjoining areas. As on 31st March, 2013, MGL was operating 160 CNG stations including 18 mother stations, 129 online stations and 13 daughter stations.

During 2012-13, MGL supplied PNG to around 6 Lac domestic, 40 industrial and 1900 commercial customers in its authorized geographical regions. MGL is also catering to fuel requirement of around 3 Lac CNG vehicles operating in the region. Accepting the Central Government authorization, PNGRB has granted authorization and exclusivity for the existing areas of Mumbai, Thane, Navi Mumbai and Mira-Bhayander and expansion areas of Kalyan, Dombivali, Ambernath, Badlapur, Ulhasnagar, Bhiwandi, Taloja, Kharghar and Panvel. Your Company has 49.75% stake in the joint venture, along with British Gas as equal partner.

Total revenues of the Company for 2012-13 was ₹ 1514 Crores and Profit After Tax was ₹ 299 Crore.

❖ **Maharashtra Natural Gas Limited (MNGL)**

MNGL was formed for implementation of CGD projects in and around Pune. MNGL has received authorization from MoPNG for CGD in Pune, including Pimpri, Chinchwad, Talegaon, Hinjewadi and Chakan areas. As on 31st March, 2013, MNGL was operating 17 CNG stations including 3 mother stations, 3 online stations and 11 daughter stations.

During 2012-13, MNGL supplied PNG to around 6000 domestic, 50 industrial and 20 commercial customers in its authorized geographical regions. MNGL is also catering to fuel requirement of around 45,000 CNG vehicles operating in the region. Your Company has 22.5% stake in the joint venture, along with BPCL as equal partner.

Total revenue of the Company for 2012-13 was ₹ 182 Crore and Profit After Tax was ₹ 35 Crore.

❖ **Tripura Natural Gas Company Limited (TNGCL)**

TNGCL was incorporated to implement CGD projects in Agartala. As on 31st March, 2013, TNGCL was operating 3 CNG stations including 2 mother stations and 1 daughter station.

During 2012-13, MNGL supplied PNG to around 11,000 domestic, 40 industrial and 200 commercial customers in its authorized geographical regions. MNGL is also catering to fuel requirement of around 4500 CNG vehicles operating in the region. Your Company has 29% stake in the joint venture.

Total revenue of the Company for 2012-13 was ₹ 26 Crore and Profit After Tax was ₹ 5 Crore.

• **Petrochemicals**

❖ **Brahmaputra Cracker and Polymer Limited (BCPL) (Subsidiary)**

BCPL is setting up a 2,80,000 TPA polymer plant and project execution is in progress. The total revised project cost, as approved by the Cabinet Committee for Economic Affairs (CCEA) in November 2011, is 8,920 Crores. The Company is now in final phase of project execution and has achieved an overall physical progress of 91% and financial progress of 73% till the end of the financial year. The commissioning of the project is set to take place in December, 2013.

Your Company has 70% equity share in BCPL with Oil India Limited (OIL), Numaligarh Refinery Limited (NRL) and Government of Assam each having 10% equity share.

❖ **ONGC Petro-additions Limited (OPaL)**

OPaL is implementing a green field petrochemical complex of 1.4 MMTPA Polymer capacity at Dahej, Gujarat. Your Company is a co-promoter of the project, with 15.50% equity stake in OPaL, while Oil and Natural Gas Corporation Limited (ONGC) and Gujarat State Petroleum Corporation Limited (GSPC) are the other promoters.

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IT DEVELOPMENTS

Your Company is an IT-savvy organization and is continuously adopting the latest and state-of-the-art IT solutions, keeping pace with the fast changing industry. This helps in continuous efficiency and productivity improvement of employees and also enables right information to the right person by the use of latest IT security solutions.

Your Company has migrated business-critical applications to a centralized private cloud platform, along with Disaster Recovery (DR) IT infrastructure, in line with the industry's latest technological advancements. System's manageability and availability have been enhanced substantially with this future-ready and DR-enabled cloud infrastructure.

Your Company has completed implementing an electronic Document Management System (DMS), in line with the industry best practices. This enabled your Company to digitize important documents and records across locations and also provided electronic workflow and secure authorization-based access to information.

Your Company is in the forefront of leveraging IT to bring in systemic improvements. This effort of your Company has been duly recognized at various forums. Your Company has been recently awarded with SAP ACE Award for Best Run Award for innovative use of SAP. During the year, your Company has also been certified as Customer Centre for Expertise (CCOE) by SAP.

Your Company has implemented Joint Venture Accounting (JVA) system for Exploration & Production (E&P) business on SAP platform. This has facilitated in capturing end-to-end JVA business processes and also enables partner accounting from a single system. With the implementation of JVA, your Company has enhanced efficiency, transparency and regulatory compliance in E&P activities.

Your Company has also initiated implementation of centralized enterprise-wide Geographic Information Systems (GIS)-based Pipeline Integrity Management System for its cross-country pipeline network, using industry standard assessment models to fulfil the national/international statutory codes. This will ensure seamless and consistent data flow from engineering to operations and will also result in continuous updation of O&M data and aging of the pipelines.

HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT

Your Company is a responsible corporate citizen and Health, Safety and Environment (HSE) excellence has been extensively promoted as a corporate culture within the organization. The safety and health of employees and external stakeholders are embedded in your Company's core organizational values. Your Company's HSE policy, inter-alia, aims to ensure safety of public, employees, plant and equipment. It also ensures compliance with all statutory rules and regulations, imparting training to its employees, carrying out safety audits of its facilities and promoting eco-friendly activities.

HSE sub-committee of Board of Directors, which is the apex body in your Company for all matters related to HSE, met three times during the year to review your Company's performance and emergency preparedness in this regard.

- **Corporate HSE Policy**

 Your Company is committed to promote globally comparable levels of HSE management system in the areas of its business of exploration and production of hydrocarbons, transmission and distribution of natural gas, production of LHC, transmission of LPG, petrochemicals, power generation etc., with focus on improving environmental harmony through sustainable development.

- **Safety Performance**

 Your Company has always strived to maintain highest standards of safety. This is reflected in the HSE index, which evaluates the organization's safety performance on various elements of HSE covering all business activities. During the year, your Company achieved the HSE index of 98.89% as against the Excellent MOU target of 98.5% signed with the Ministry.

- **Safety Training**

 Your Company, in its constant efforts to keep employees fully aware of the HSE aspects, provides regular training to employees, contract workers, tanker drivers and others through internal as well as external resources.

 Your Company organized a two-day HSE workshop for all business heads, fire and safety heads and HR representatives from sites. Theme of this year's workshop was taken as Disaster Management, in view of the ever rising risks to people and installations. The theme also helped to create awareness amongst the employees regarding methods and measures to tackle any disaster. Leading experts in the country from National Disaster Management Authority (NDMA) and Oil Industry Safety Directorate (OISD) closely interacted with employees during the workshop.

 Your Company laid specific emphasis on construction safety related trainings during the current year, as mega expansion projects are underway at various locations.

- **Safety Audits**

 To ensure compliance to statutory rules and regulations, implementation of safe work practices and continual improvement in the Safety Management System, your Company installations are being regularly audited through External Safety Auditors and experienced in-house auditors. During 2012-13, twenty three External Safety Audits and seven safety audits by experienced in-house auditors were undertaken.

 Your Company also complied with the recent Emergency Response and Disaster Management Plan (ERDMP) guidelines of PNGRB and submitted ERDMP documents to PNGRB in September, 2012.

- **Occupational Health**

 Your Company has a Corporate Occupational Health Committee supported by six local level occupational health committees, which meet every quarter for continuous monitoring and improvement of occupational health of employees. During 2012-13, all employees at the work centres were medically examined.

SUSTAINABLE DEVELOPMENT INITIATIVES

Your Company released its second sustainability report – "Shaping the Future" – for 2011-12. This stakeholder-centric report is a communication of your Company's efforts to make a positive impact upon economic growth, ecological balance and social progress and help shape the future of millions of people towards achieving shared objectives. It is in line with the latest global standards of GRI, which is the de-facto international benchmark and externally assured with application level A+.

To create a mechanism towards governing sustainability, your Company has defined a structure that spans across various critical functions to effectively manage organizational complexities. A Sustainable Development Committee (SDC) chaired by an Independent Director has been broad-based with inclusion of all functional Directors except Chairman & Managing Director as its members. Further, your Company has constituted a Sustainable Development Steering Committee (SDSC), headed by the Director (Business Development) to provide impetus and direction

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to achieve sustainability goals, meet targets and monitor on-ground implementation of SD projects. In addition, your Company has also formed multi-disciplinary sustainability committees at all sites.

In 2012, your Company drafted Sustainability Development Aspirations 2020 through intensive consultations with internal and external stakeholders concerned with on-ground implementation of projects to identify priority areas of sustainability development. Through Sustainability Development Aspirations 2020, your Company has set clear targets with respect to management of Green House Gas (GHG) emissions, water consumption, energy efficiency and training / awareness on sustainability. Apart from identifying priority areas, your Company has identified specific SD projects and the crucial ones among them have been included as a part of MoU with the MoPNG, which further signifies your Company's commitment towards a sustainable future.

Your Company organized its first UN-ESCAP Training in partnership with Global Compact Network India, after becoming a signatory to the United Nations Global Compact (UNGC) last year.

Further, SEBI vide circular dated 13.08.2012 mandated the inclusion of Business Responsibility Reports (BRR) as part of the Annual Reports for top 100 listed companies based on Market Capitalization of the BSE and the NSE. The BRR provides a disclosure framework based on NVGs which maps the Company's performance on the 9 Principles and Core Elements. In compliance to the said circular, the BRR is contained in a separate section in the Annual Report.

TOWARDS RESPONSIBLE BUSINESS CONDUCT

Your Company believes that CSR plays a major role in developing a country. Therefore, it has made Corporate Social Responsibility (CSR) as an integral part of its ethos and culture. Your Company has a dedicated team operating within the framework of a well-structured CSR policy, which mandates 2% contribution of the Company's Profit after Tax to CSR activities.

Following the Project-based Approach as put-forth by the DPE and as detailed in your Company's CSR policy, your Company has implemented CSR programmes primarily in and around the rural areas adjoining major work centres/installations of your Company. These programmes are taken up under the seven thrust areas identified by your Company - education /literacy enhancement, skill development/ empowerment, community development, drinking water/ sanitation, environment protection/ horticulture, infrastructure and healthcare/ medical facility. Major initiatives undertaken by your Company under these thrust areas are detailed in Management Discussion & Analysis.

HUMAN RESOURCE MANAGEMENT

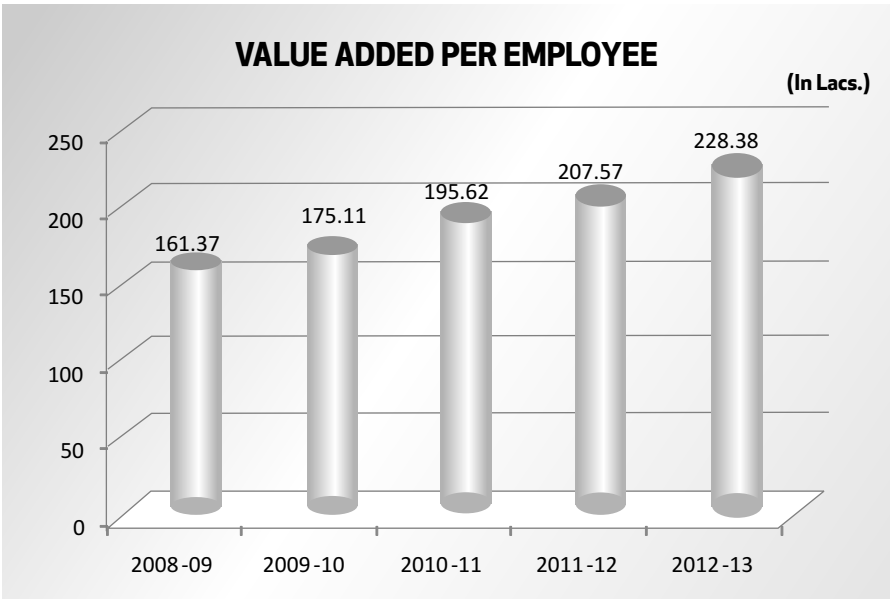
Your Company has been laying strong emphasis on attracting and acquiring best talent and also on efficient deployment of manpower on right jobs as per business requirements of the Company. Highly engaged and dynamic workforce has led to continuous rise in value added per employee in last 5 years. Value added per employee gives an account of efforts of Company's employees to make the best and most productive use of the resources available to them.

- **Training**

 Your Company has been witnessing rapid growth vertically & horizontally. Your company is expanding its operations in domestic market as well as its presence abroad. Your Company is also implementing various new projects to strengthen its presence across the entire gas value chain. With new technological developments and phenomenal expansion taking place in the hydrocarbon sector, need of the industry is changing from merely acquiring the latest state of the art technologies and equipment to engaging qualified personnel suitably equipped with knowledge, skills, attitude and a practical exposure to the highly specialized jobs. Further, in line with Strategy 2020, capability building will be required in the existing thrust areas & new strategic business areas. Therefore, it is the need of the hour to invest in the training & development of human resource in more systematic & structured manner. ISO 9001:2008 certified GAIL Training Institutes (GTIs) at Noida & Jaipur have been consistently working towards development of Human Capital of the Organization.

 GTI, Noida & Jaipur have maintained the track record of excellent MOU performance in all the parameters in the MoU signed with Mo PNG . The Key achievements in training are as under:

 - ❖ Percentage actualization of training plan has been more than 100% for the financial year ending 31st March, 2013. Total 208 training programs were organized during the period under review. Total 17,701 mandays of training has been organized by GTI, Noida & Jaipur in the above period. On an average 4.46 days of training has been organized per employee.
 - ❖ As per plan, Senior Leadership & Business Knowledge programs have been organized for developing critical mass of leaders through a system of career planning & development.
 - ❖ Multi-skilling / Skill Upgradation



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programs have been organized of non-executives.

- ❖ Mentorship program has been established for the new joining Executives & all such executive trainees have been assigned the respective mentors.
- ❖ Yoga classes are being organized at GTI & at various sites to reduce stress. Total 13 programs/sessions were organized during 2012-13.
- ❖ Training sessions on Health Safety & Environment are being organized at sites. Total 59 sessions were organized as against the target of 40 sessions.
- ❖ 4 training programs on Awareness of succession planning have been organized.
- ❖ Total 2000 man hours of training have been imparted on Sustainable development to create awareness on sustainable development.
- ❖ With the objective of Knowledge Management within the organization, Technical Knowledge Sharing Seminar and sessions are organized every year
- ❖ Various companywide business quizzes were organized to keep the employees updated with the latest developments in the business areas of your company.

GAIL Training Institute (GTI) has been awarded as Emerging HRD thinkers Award by Indian Society for Training & Development (ISTD).

In its pursuit of offering training programs to external organizations and to convert itself into a revenue generating centre, GTI has successfully organized training programs for participants from other organizations like RIL, BPCL, RGPPL, IOCL, BCPL, IGL, MNGL, Adani Gas Limited, Siti energy, Sabarmati Gas Limited etc. Further, in collaboration with American Society of Mechanical Engineers (ASME), U.S.A., GTI is successfully running certificate courses in ASME B31.8, B 31.8S and B 31Q for various external organizations.

- **Leadership Development Programme**

Your Company realizes that it is critical to continually to develop and enhance the capability and competence of its senior level executives in order to prepare them for leadership positions. As an effort towards the same, Senior Management Development Centre (SMDC) exercise has been undertaken as part of the Leadership Development Program. SMDC has been conducted for senior executives in Chief Manager and above grades and as of now 525 senior executives have been covered under this exercise.

In order to fill in the developmental gaps of such executives identified through SMDC exercise, a comprehensive Individual Development Plan (IDP) has been drawn up for all the participants of SMDC exercise. The IDP consists of customized training programmes at premier business schools, e-learning courses and distribution of books.

- **Vigilance**

The Vigilance Department of your Company is now certified under ISO-9001:2008 in recognition of its contribution and continuous focus on improving the Company's systems and procedures. Your Company has introduced a range of measures to bring clarity and transparency in procurement and work contracts which includes webhosting of tenders on GAIL as well as across Government websites, e-tendering and reverse auction for specified threshold values.

In compliance of the guidelines issued by the Central Vigilance Commission, the Vigilance Awareness Week 2012 was observed by your Company at the Corporate Headquarters and at all other regional installations. The Vigilance Commissioner graced the occasion as the Chief Guest on the inaugural day and administered the Vigilance Pledge to employees of major GAIL establishments connected through video conferencing. On this occasion, a magazine Jagrook, containing CVC circulars, articles on anti-corruption and case studies was also released by the Corporate Vigilance Department. During the Vigilance Awareness Week, Customer Interactive Meet and Vendor Interaction Meet were organized at Indore and GTI, Noida, respectively. Customers from various segments, such as natural gas, liquid hydrocarbon and petrochemicals, as well as vendors providing project- related services/supplies to your Company participated in these meets.

- **Representation of Priority Section**

Your Company has been complying with the Presidential Directives and other instructions/guidelines issued from time to time pertaining to Policies and Procedures of Government of India in regard to reservation, relaxations, concessions etc. for Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Persons with Disabilities (PWDs) in Direct Recruitment.

Details with regard to Group-wise total number of employees and the representation of Scheduled Castes, Scheduled Tribes, and Other Backward Classes amongst them in your Company as on 31st March, 2013 have been given in table below:

GROUP	EMPLOYEES ON ROLL	SC	ST	OBC
A	2,853	437	171	485
B	568	125	74	86
C	477	82	15	144
D	56	17	5	14
TOTAL	**3,954**	**661**	**265**	**729**

A total of 99 new employees joined your Company during the 2012-13. Total Manpower of the Company as on 31st March, 2013 stood at 3961 (including Whole-time Directors & CVO) with 16.68% of its employees belonging to SC category, 6.7% to ST category, 18.40% to OBC category, 7.24% to Minorities and 2.09% to PWDs category. Your Company's workforce comprised of 234 women employees as on 31st March, 2013.

- **Official Language**

Your Company is continuously making vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Union. The Official Language Implementation Committees at corporate as well as work centre level, held their quarterly meetings regularly to

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monitor and review the progress made in achieving the targets fixed in the Annual Programme.

In an endeavour to familiarize the Company's new entrants with Official Language Act and various Official Language rules, training to ETs and GETs is being imparted at induction level. To inculcate the knowledge of Official Language among the newly promoted employees from S7 grade and new joinees at E0, E1 and E2 grades, a special two-days training programme have been designed and implemented at corporate level, apart from other regular workshops at all the work centres.

Your Company observed 2012-13 as Sahitya Varsh. Competitions viz. short story, poem and article in Hindi were conducted during this period. With a view to create greater awareness and consciousness among employees, Hindi Fortnight was celebrated from 14th to 28th September, 2012, across the Company. During the fortnight innovative and interesting competitions, cultural activities, Kavi Sammelan, Mushaira, seminars on Hindi activities etc. were conducted. Employees participated with great enthusiasm. To involve families of GAIL employees, various competitions and other cultural activities were also conducted for them. First working day of every month is being observed as Hindi Diwas across your Company.

In order to cultivate the habit of reading Hindi books among employees, a book in Hindi was distributed to all employees.

An innovative inter-PSU competition was also conducted by your Company for all Delhi-based member PSUs of Town Official Language Implementation Committee (TOLIC).

Your Company was awarded for best implementation of OL policy among TOLIC member PSUs during 2012-13 by Secretary, Official Language, Ministry of Home Affairs, Government of India.

Bilingual software with Unicode fonts were made pan-organizationally available. To impart working knowledge of Hindi as well as computer training to employees in bilingual software, a comprehensive and time-bound programme was prepared and implemented during the year.

Training in translation is being provided to all Nodal Officers on a quarterly basis through Central Translation Bureau, Ministry of Home Affairs, Government of India.

To provide a larger platform to discuss the problems and difficulties to implement Official Language, annual conference was organized on 22nd March, 2013, wherein senior officials from corporate office and work centres participated and shared their valuable thoughts.

- **Women Empowerment**

 To encourage and recognize the role of women employees in your Company's success story, GAIL Women Employees Award Scheme has been instituted in your Company since 2009. Since then, awards to Women employees based on their performance in their functional area are conferred every year on International Women's Day.

INNOVATION, RESEARCH AND DEVELOPMENT

Your Company recognizes that individual innovation, creativity and initiative are crucial determining factors and are required to be channelized to achieve organizational excellence. Your Company has an Innovation Council that solicits screens and implements the suggestions from employees. An appropriate reward is given to all ingenious suggestions and the best suggestion is awarded the CMD trophy.

At times, the ideas need to be developed into useful process/ product through R&D efforts. Your Company has an R&D portal on its intranet where detailed information on its R&D projects is disseminated. The employees can provide suggestions and feedback on the R&D projects to carry out any improvement or mid-course correction. Your Company is also soliciting innovative ideas from its stakeholders at large through its R&D portal. Recognizing the need importance to channelize the R&D efforts, your Company has developed and put in place the R&D Policy and Manual. It is expected that this policy document would pave the way for integration of the R&D efforts.

Your Company recognizes the importance of R&D to remain at the forefront of technology. your Company has set a goal to spend at least 1% of previous year's PAT on R&D every year. It has identified the thrust areas of R&D in line with its business areas and follows a focused R&D strategy to take up projects in such areas. Many basic / fundamental / applied research projects have been taken up through various reputed engineering institutes / laboratories this year in the major thrust areas (viz. Natural Gas transportation & Storage, Fuel Cell & Nano-composites, CO_2 and unconventional energy utilization and so on). It is expected that the successful outcome of these projects would provide good value to your Company in due course.

Your Company is setting up a unique, first-of-its kind pilot project for extraction of LandFill Gas (LFG) and its conversion to CNG after purification. The project is being implemented at the Ghazipur landfill site in Delhi. The Phase-1 of the project (landfill closure, capture & flaring of landfill gas) is already completed in the designated area. This innovative project will demonstrate the possibility of LFG extraction from an un-scientifically managed landfill site and help generate a clean fuel. It will also help to combat global warming by capturing methane gas that was getting released into the atmosphere. The success of this pilot project would open up the possibility of replicating its success country-wide.

Your Company has also taken up various technology development projects towards improvement in energy efficiency, process optimization and others at various sites. Further, your Company is actively exploring technologies that can be used to exploit various non-conventional energy sources, like shale gas, gas hydrates, Underground Coal Gasification (UCG) and others to develop alternate sources for augmenting the country's energy supplies.

TOTAL QUALITY MANAGEMENT

Your Company continues to focus on continual and sustainable improvement in the process, systems and functional areas. Customer satisfaction is the top agenda of your Company and is being continuously monitored through regular interactions. Major achievements of your Company in TQM are as under:-

- Customer satisfaction index achieved during 2012-13 by your Company is 90%.
- 112 quality circle projects have been undertaken in process and system areas in your Company, which lead towards continual improvements as well as tangible gains.

ACCOLADES AND RECOGNITIONS

Your Company has consistently been ranked excellent by the Department of Public Enterprise (DPE), Government of India, ever since the introduction of the Memorandum of Understanding (MoU) based performance review system by the DPE. Your Company conferred with Maharatna Status by DPE- youngest Maharatna PSU among total 7 Maharatnas. Your Company has been recognised for its performance in various areas. Some of them are mentioned below:

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- **Corporate Awards**
 - ❖ SCOPE Excellence Award(Institutional Category) for 2010-11
 - ❖ Ranked 1st among Gas utilities in Asia in the Platts Global Ranking of Energy Companies in 2012
 - ❖ Petrofed Award 2012 (for performance during 2011-12) for:
 - ♦ Oil and Gas Pipeline Transportation Company of the Year
 - ♦ Project Management (₹ 500 to ₹2000 Crore)- Company of the Year
 - ♦ Environment Sustainability- Company of the Year
- **HSE Awards**
 - ❖ International Safety Award for outstanding achievement in safety from British Safety Council, the United kingdom, for Gas Processing Unit and natural gas compressor station, Vaghodia; Gas Processing Unit, Gandhar; regional natural gas pipeline network, National Capital Region, Delhi.
 - ❖ Sarvashrestha Suraksha Puraskar for Gas Processing Unit and for natural gas compressor station, Vijaipur from National Safety Council, MP chapter and National Safety Council, Mumbai, respectively, for 2010.
 - ❖ GAIL Vaghodia bagged Gujarat State Safety Award from Gujarat Safety Council Vadodara
 - ❖ Golden Peacock Occupational Health & Safety Award - 2012 for GAIL, Khera, from Institute of Directors, New Delhi
 - ❖ Golden Peacock Environment Management Award-2012 from Institute of Directors, New Delhi for GAIL, Vaghodia
 - ❖ Safety Innovation Award from Institution of Engineers, New Delhi for Khera Compressor station and Regional Natural Gas Pipeline Network, National Capital Region, Delhi

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been set up across your Company in line with the Right to Information Act, 2005. Your Company has nominated ACPIOs/ CPIO/ Appellate Authorities at its units/offices across the country to provide information to citizens under the provisions of RTI Act.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As per Section 212 of the Companies Act, 1956, documents in respect of subsidiary companies viz. Directors' Report, Auditor's Report, Balance Sheet and Profit & Loss account are required to be attached to the Balance sheet of the holding Company. Ministry of Corporate Affairs vide circular dated 8th February, 2011 has granted exemption under section 212 of the Companies Act, 1956 to companies from attaching the aforesaid documents of subsidiary companies with the Annual Report, subject to compliance of the conditions mentioned in said circular.



Shri B.C. Tripathi, CMD, GAIL and Mr. Salvador Gabarrô Serra, Chairman, Gas Natural Fenosa, Spain signing LNG Supply agreement in Barcelona

Your Company has 5 (five) subsidiary companies as on 31st March, 2013. Your Board has accorded necessary approval for not attaching Directors' Report, Balance sheet, Profit & Loss Account, Auditors' Report and other statutory data/ documents of subsidiary companies viz. GAIL Gas Limited, Brahmaputra Cracker & Polymer Limited, GAIL Global (Singapore) Pte Limited, GAIL Global (USA) Inc. and GAIL Global (USA) LNG LLC (incorporated on 28th March, 2013) with the Balance Sheet of your Company. All the conditions mentioned in the circular are being complied by your Company. Annual Report of said subsidiary companies are available on your Company's website i.e. www.gailonline.com and physical copy will be made available to shareholder on request in writing.

Consolidated Financial Statements as per applicable Accounting Standards and statement containing brief financial details of your Company's subsidiaries for the financial year ended 31st March, 2013 is forming part of the Annual Report. Annual accounts of subsidiaries and the related detailed information are open for inspection by any member at the registered office of the Company and of the respective subsidiary companies during working days.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed Management Discussion and Analysis forms a part of this report at **Annexure- A.**

CORPORATE GOVERNANCE

Your Company believes that good corporate governance is critical in establishing a positive organizational culture and it is evident by responsibility, accountability, consistency, fairness and transparency towards its stakeholders. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges and DPE guidelines on Corporate Governance, a report on Corporate Governance forms part of this Report at **Annexure- B.**

The statutory auditors of the Company have examined and certified your Company's compliance with respect to conditions enumerated in clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance. The certificate forms part of this Report at **Annexure- C.**

Secretarial Compliance Report confirming compliance by Practicing Company Secretary to the applicable provisions of Companies Act 1956, Listing Agreement, Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, forms part of this Report at **Annexure- D.**

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION

Details of conservation of energy and technology absorption in accordance with

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Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms a part of this report at **Annexure- E.**

PARTICULARS OF PERSONNEL UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

As per provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, every company is required to provide particular of employees in the Directors' Report exceeding the stipulated remuneration limit(s).

However, as per notification dated 31.03.2011 issued by Ministry of Corporate Affairs, amending provisions of said Rules, has exempted Government companies for not including such particular in the Directors' Report. As your Company is a Government Company, such particulars have not been included as part of Directors' Report. Any member desirous of obtaining such particulars may write to the Company and same will be provided.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange earnings were ₹ 32.02 Crores. Expenditure in foreign currency was ₹1,708.92 Crores

During the year under review, your Company has incurred an expenditure of ₹ 8.55 Crores on foreign tours and training, ₹ 0.37 Crores on entertainment and ₹ 33.76 Crores on advertising and publicity.

DIRECTORS

Shri P.K. Singh was appointed as Part-time (Government Nominee) Director, Shri M. Ravindran was appointed as Director (HR) and Shri Rajive Kumar was appointed as Part-time (Government Nominee) Director w.e.f. 10th April, 2013, 1st June, 2013 and 26th June, 2013 respectively.

Shri S.L. Raina, Director (HR), Shri Sudhir Bhargava, Part-time (Govt. Nominee) Director, Dr. Neeraj Mittal, Part-time (Govt. Nominee) Director and Shri R.P. Singh, Part-time non-official (Independent) Director were Director(s) upto 31st May, 2013, 8th May, 2013, 10th April, 2013, and 9th August, 2012 respectively. Shri Mahesh Shah, Shri R.M. Sethi and Dr. Vinayshil Gautam were Part-time non-official (Independent) Directors upto 10.08.2012. The Board placed on record its deep appreciation for the valuable services rendered by outgoing Directors during their association with your Company.

CODE OF CONDUCT

Pursuant to the requirements of clause 49 of Listing Agreement, the Board Members and Senior Management Personnel, have affirmed compliance with the Code of Conduct for the financial year ending 31st March, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, in relation to Directors' Responsibility Statement, it is confirmed that:

i) In the preparation of the annual accounts for the financial year ending 31st March, 2013, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The Directors have prepared the annual accounts for the financial year ending 31st March, 2013 on a going concern basis.

AUDITORS

- **Statutory Auditors**

 The statutory auditor of your Company is appointed by Comptroller & Auditor General of India (CAG). M/s Rasool Singhal & Co., Chartered Accountants, Aligarh and M/s M.L. Puri, Chartered Accountants, New Delhi, were appointed as Joint Statutory Auditors of your Company for 2012-13.

 The review of your Company's Annual Accounts for the financial year ending 31st March, 2013 by CAG forms part of this report. Notes on accounts referred in the Auditors' Report are self-explanatory and, therefore, do not call for any further comment.

- **Cost Auditors**

 Your Company has appointed M/s Rohit & Associates, Vadodara; M/s R Nanabhoy & Co., Mumbai; M/s Chandra Wadhwa & Co., New Delhi; M/s M Goyal & Co., Jaipur; M/s Dhananjay V. Joshi & Associates, Pune; M/s DGM & Associates, Guwahati; M/s Mani & Co., Kolkata and M/s K. L. Jaisingh & Co., Noida as cost auditors for 2012-13 for the purpose of cost audit on 30th May, 2012.

 The due date for filing cost audit reports for the financial year ended 31st March, 2012 was 31st January, 2013 and the same were filed to Registrar of Companies on 20th December, 2012.

ACKNOWLEDGMENT

Your Directors express their gratitude for constant support and cooperation showed by the Government of India, especially the Ministry of Petroleum and Natural Gas, various state governments, and regulatory and statutory authorities.

Your Directors acknowledge wise counsel received from Statutory Auditors and CAG and are grateful for their consistent support and assistance.

Your Directors also wish to thank all the stakeholders for reposing their faith, trust and confidence in your Company.

On behalf of your Directors, I would like to place on record our deep and sincere appreciation for the hard work, dedication and unstinted efforts of your Company's employees for driving GAIL towards a glorious future.

For and on behalf of the Board

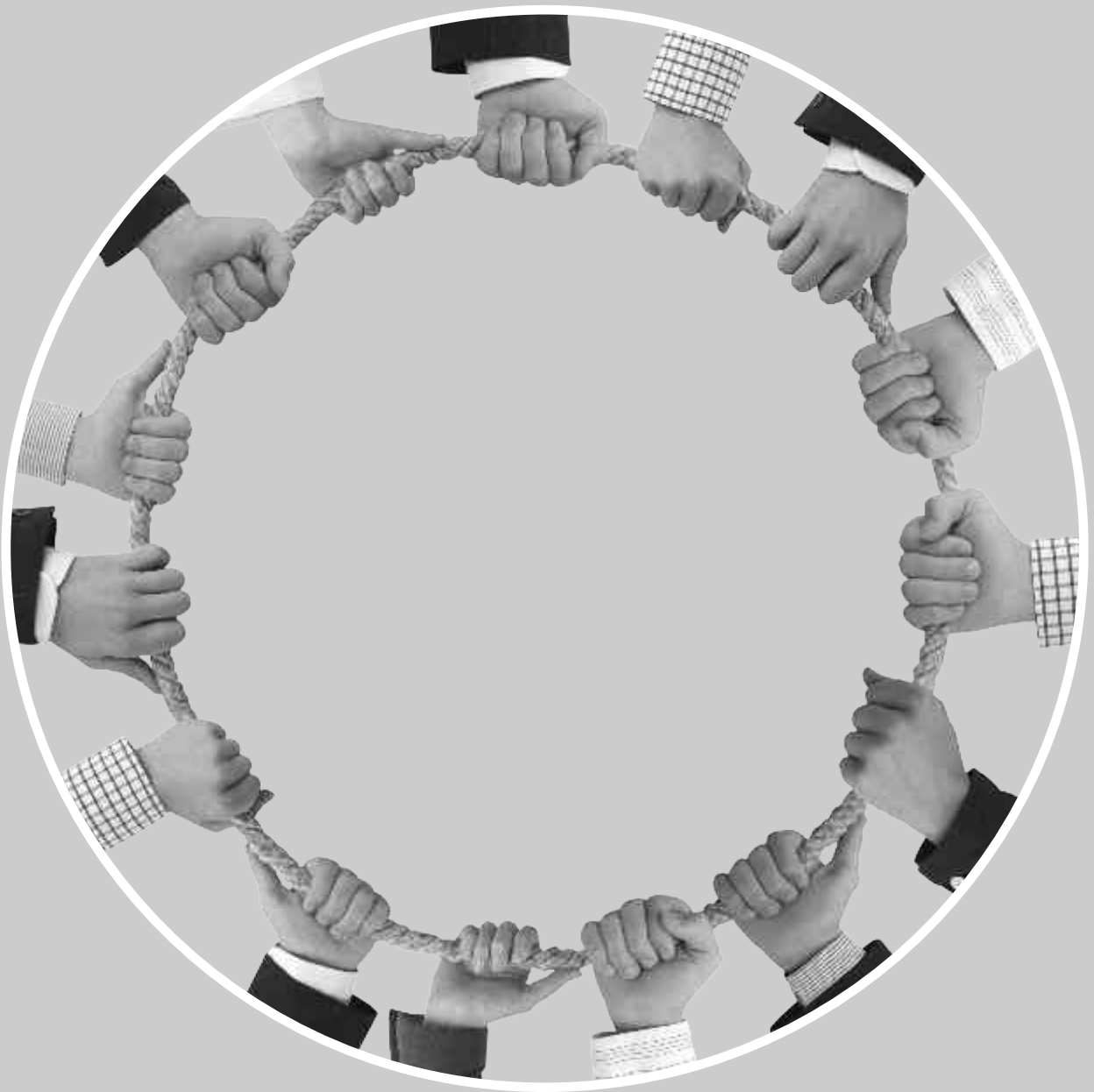


B.C. Tripathi
Chairman & Managing Director

Place: New Delhi
Dated: 14.08.2013

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Management Discussion & Analysis



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ANNEXURE - A

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global economic growth largely remained subdued across major countries during 2012-13. The US showed signs of slow recovery, on account of improvements in housing sector and employment. Recessionary conditions in the Euro Zone continued due to deteriorating industrial production, weak exports and low domestic demand. Emerging economies grew marginally from moderation in 2012, as domestic demand rose and investments picked-up. Among the BRICS countries, Brazil and South Africa experienced acceleration in growth. Whereas, other member countries like Russia, China and India grew at a slower rate year on year.

As per advance estimate of Central Statistics Office (CSO), India's GDP growth for 2012-13 is pegged at 5 % from 6.6 % a year ago. The decline is mainly due to weakness in industrial production aggravated by domestic supply bottlenecks and slowdown in the services sector reflecting weak external demand.

Countering this slowdown, RBI relaxed its monetary policy by reducing the Repo rate, SLR and CRR by 100 bps, 100 bps and 75 bps respectively on a cumulative basis. Inflation has moderated in recent months; but it still remains close to or above the tolerance level. This is coupled with concerns over the fiscal deficit and the current account deficit. In this context, RBI faces the challenge to maintain a balance between regulating inflation and promoting growth

On the back of a pessimistic demand outlook, crude oil prices eased in March-April 2013 from the elevated levels prevailing through 2012. Various reform measures were taken up by the Government of India such as postponement of GAAR (General Anti Avoidance Rules) by two years, partial deregulation of diesel prices, liberalised FDI limits for certain sectors, rise in FII limits in corporate debt and government securities market and announcement of fiscal consolidation measures.

- **Outlook**

 As per the World Economic Outlook for April 2013, the annual growth forecast for advanced economies in 2013 is a modest 1.25%. For Asia as a whole, growth will pick up modestly to about 5.75% in 2013, largely due to recovering external demand and continued domestic demand. On a long term perspective, developing countries like India and China would play a key role in shaping the world economy.

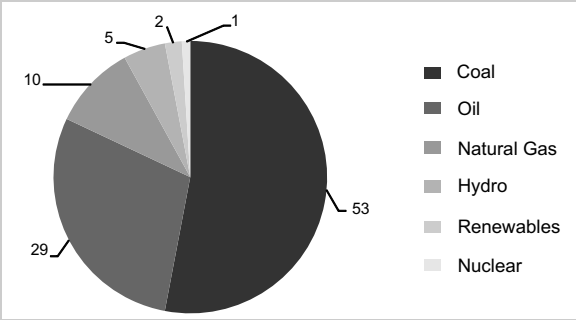
 Government of India has taken measures to bring fiscal deficit to acceptable levels through various reforms and policies but many of the steps like fuel price hike come along with the anticipated price inflation. In the short term, uncertainty for Indian economy still persists, but in the long term, Indian government is confident of bringing economy to previous levels of over 8% GDP growth.

INDIA ENERGY SECTOR OVERVIEW

Planning commission estimates that commercial energy supplies growth will have to be more than 6.5% to ensure GDP growth rate of 9%. In the preceding year, India overtook Japan to obtain the position of fourth highest primary energy consuming country after US China and Russia. India is expected to be the 3rd largest energy consumer by 2025 after USA and China with favorable economic and social developments. Energy industry is no more in isolation for any country; with the advent of all time high trade of oil and gas, the world has come closer.

The current per capita energy consumption of India is 0.5 tonne of Oil Equivalent (toe) as compared to the world average of 1.9 toe, and this indicates a high potential for energy consumption. Per capita consumption of India is expected to reach 1.22 toe by 2030. China and India are two Asian nations which are expected to show highest energy consumption growth rate in coming years, owing to rapid urbanization and consequent high demand.

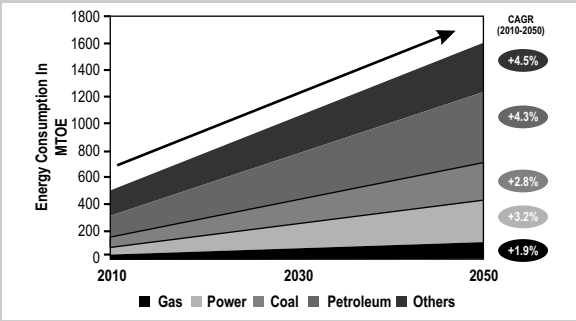
Energy Consumption Basket



- **Outlook**

 The total energy consumption in India is estimated to grow by 3% per annum till 2050. Of this, gas consumption in India is expected to grow the fastest at 4.5% per annum till 2050. (Source: McKinsey Global Energy Perspective 2050).

Energy Consumption in India



NATURAL GAS SECTOR OVERVIEW

- **Natural Gas Demand and Supply**

 The demand for natural gas is largely met through domestic production with imports contributing around 30% of the total gas consumption as compared to over 75% imports in case of oil.

 The share of natural gas in India's primary energy consumption is around 10% against a world average of around 24%. Given the growth plans in the power, fertilizer and the industrial segments, there exists huge potential for increased consumption of natural gas in India. India's consumption of natural gas has grown faster than any other fossil fuel in recent years. India's natural gas consumption growth rate (CAGR) during 2001 to 2011 is around 8.75%. Power, Fertilizer, LPG, Steel and Petrochemicals have been the key consumption drivers of natural gas.

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The demand for natural gas is expected to reach more than 450 MMSCMD by end of 12th five year plan ending 2017 and over 600 by the end of 13th Five year plan ending 2022. In such a scenario, India will have to augment its domestic production as well as create sufficient infrastructure for LNG imports during this period.

(MMSCMD)

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Demand	293	371	405	446	473
Supply	134.28	184.59	198.72	249.11	305.41
Gap	158.72	186.41	206.28	196.89	167.59

(Source: Report Of the Working Group on Petroleum and Natural Gas Sector for the 12th Five Year Plan (2012-17), MoPNG, November 2011).

- **Policy Initiatives**

 In the context of high global energy prices, the Government of India has adopted a multi-pronged strategy to enhance availability of natural gas in the country, consisting inter-alia the following:

 i. Intensifying domestic E&P activities through NELP.

 ii. Developing underground coal gasification.

 iii. Target unconventional sources like Shale gas, Gas Hydrates, CBM, etc.

 Also, to negate the impact of high prices of imported LNG, Government is considering various options across the value chain. Some of them are downstream policy initiative for the Fertilizer sector, reforms in Power sector, Pooling of Gas etc. All such reforms and policy initiatives are aimed at increasing the availability of natural gas in the Indian energy basket.

 The year also saw developments on cross-border pipeline based natural gas imports such as the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project. Agreements with respect to Transit fee and Transportation tariff are also likely to be concluded soon. Your Company is playing a lead role in the discussions on the project.

- **Outlook**

 As per Report of the Working Group on Petroleum and Natural Gas Sector for the 12th Five Year Plan (2012-17), MoP&NG, November 2011, the entire value chain in the Natural Gas sector has a huge investment potential to the tune of approximately ₹ 2.7 Lac Crore and ₹ 2.4 Lac Crore in 12th and 13th Five Year Plan respectively. But this will only be possible with supportive policy initiatives. With the enabling policies in place, it is expected that natural gas will play a very important role in India's energy security and its share in energy basket will grow beyond the current share of 10% in line with its capability to power India's green growth.

ORGANIZATION OVERVIEW

After having started as a natural gas transmission company during the late eighties, your Company has grown organically by building large network of Natural Gas Pipelines, LPG Pipelines, Gas Processing Plants for production of LPG and other Liquid Hydrocarbons anda gas based integrated Petrochemical plant.

Keeping in mind the requirement of growth and consolidation as well as opportunities arising out of NELP of Government of India, the company has moved into upstream of gas value chain i.e. Exploration & Production and currently has stakes in 30 E&P blocks including 2 blocks overseas.

As a part of its initiative towards reducing carbon footprint and creating a path of sustainable growth, your Company is building a portfolio of renewable businesses.

The Company also has 70% equity share in Brahmaputra Cracker and Polymer Limited (BCPL) which is setting up a 280,000 TPA polymer plant in Assam. Further, your Company is a co-promoter with 15.50% equity stake in ONGC Petro-additions Limited (OPaL) which is implementing a green field petrochemical complex of 1.4 MMTPA Polymer capacity at Dahej in the State of Gujarat. Your Company has 32.86 % stake along with NTPC as equal partner in RGPPL which operates largest gas based power generation facility in the country and LNG Terminal of 5 MMTPA design capacity.

Your Company is a pioneer in City Gas Distribution (CGD) business in India, with Indraprastha Gas Limited (IGL) in Delhi and Mahanagar Gas Limited (MGL) in Mumbai being its biggest success stories. Your Company has set up several JVs for CGD to supply gas to households, transport sector & commercial consumers in more than 30 cities. In 2008, your Company incorporated a wholly owned subsidiary, GAIL Gas Limited (GAIL Gas) to exclusively focus on city gas distribution business.

- **Global Presence**

 As a strategy of going global and further expanding global footprint, your Company has a wholly-owned subsidiary company, GAIL Global (Singapore) Pte Limited in Singapore for pursuing overseas business opportunities including LNG & petrochemical trading. Your Company has also established a wholly owned subsidiary, GAIL Global (USA) Inc. in Texas, USA which has acquired 20% working interest in the Eagle Ford shale acreage of Carrizo Oil & Gas Incin the state of Texas. GAIL Global (USA) LNG LLC, a wholly owned subsidiary of GAIL Global (USA) Inc., was formed during 2012-13 which has entered into contractual agreements with Dominion Cove Point LNG, LP for booking of LNG tolling capacity of 2.3 MMTPA in its LNG terminal located at Lusby in the state of Maryland and for booking capacity in its associated Pipeline.

 Your Company is an equity partner in a retail gas company involved in city gas and CNG business in China – China Gas Holdings Limited. Besides, your Company is also an equity partner in two retail gas companies in Egypt, namely Fayum Gas Company and National Gas Company.

 Your Company is a part of consortium in two offshore E&P blocks in Myanmar and also holds participating interest in the joint venture company – South East Asia Gas Pipeline Company Limited incorporated for transportation of gas to be produced from two blocks in Myanmar to China.

 Your Company has signed a Memorandum of Understanding (MOU) with EDF Trading North America, LLC (EDFT) for cooperation in the areas of North American upstream equity gas investments, gas supply to export facilities and LNG supply optimization.

- **Transmission of Natural Gas**

 Your Company is the market leader in the transmission of natural gas having 10,700 Km of pipeline network.

 Your Companysought Expression of Interest from potential shippers for booking of capacity in its various upcoming natural gas pipelines to ensure utilization of your Company's pipeline infrastructure. Your Company has received good response from various shippers for booking of capacity along various upcoming natural gas pipelines. Further, your Company has taken a number of initiatives to broaden the natural gas market in India including hiring of specialized agencies to carry out demand estimation exercise in various states. Sale of natural gas through CNG cascades/tankers to customers located away from pipeline network is new initiative undertaken by your Company during 2012-13.

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During the year 2012-13, your Company has signed Gas Transmission Agreements (GTAs) with around 11 shippers. Further, agreements were executed with Independent Power Producers in Andhra Pradesh to transport and supply gas through swapping mechanism to meet their shortfall of gas for power production. Besides, new tie-ups (on upcoming pipelines) were executed to ensure utilization of pipelines owned and operated by your Company. In respect of LNG, execution of GTAs with many more shippers is under progress to transport the gas.

- **Inter-State Gas Grid**

 Your Company is implementing the following major Natural Gas pipelines:

 1. Kochi –Koottanand –Bengaluru/Mangalore Pipeline (Phase-II)
 2. Jagdishpur –Haldia Pipeline
 3. Surat-Paradip Pipeline

 With the commissioning of the Dabhol-Bengaluru pipeline project (Phase-I), your Company entered into the newer market in southern states of Karnataka and Goa. The Kochi-Kootanood-Mangalore- Bengaluru project (Phase-I) has also been completed and as the Kochi LNG terminal gets commissioned, Kerala state will also be added in the portfolio.

 Apart from these pipelines, your Company is also executing Vijaipur-Kota Pipeline & Spurlines to Kota/Chittorgarh in Madhya Pradesh and Rajasthan, Kashipur-Rudrapur Pipeline in Uttaranchal, BNPL Spurline Phase-II in Uttaranchal, Capacity Augmentation of Auraiya-Jagdishpur Pipeline Project and connectivity to KFCL (Kanpur Fertilizers Company Limited) in Uttar Pradesh. Your Company is also upgrading its pipeline network in KG Basin. All these pipelines are under various stages of completion.

- **Sourcing & Trading of Gas**

 The report of the Working Group on Petroleum and Natural Gas Sector for the 12th Five-Year Plan (2012-17) has envisaged that about 264 MMSCMD of natural gas needs to be imported in 2016-17and 363 MMSCMD by 2021-22to meet the overall demand of natural gas in India. In May 2012, the domestic supply figures during the 12th Plan were further downgraded by about 9 BCM in 2012-13 and 20 BCM in 2016-17and accordingly the supply-demand gap increased to about 318 MMSCMD by 2016-17.

 Your Company, as the industry leader in natural gas, had taken a slew of constructive measures to meet the increasing demand requirements of India. After executing 3.5 MMTPA long-term LNG supply contract with Sabine Pass Liquefaction LLC on FOB basis and the Gas Sales Purchase Agreement with TurkmenGaz for import of 38 MMSCMD of natural gas through TAPI pipeline, your Company also executed a long-term LNG supply contract for 2.5 MMTPAon DES basis from Russia with Gazprom Marketing and Trading Singapore Limited. These deals were a testimony to your Company's commitment towards developing the Indian Gas market and helping India to achieve energy security in the longrun. The critical aspect of consideration in these deals is augmenting your Company's strategy to secure LNG supplies from a much diversified supply sources to mitigate geo-political risks; diversified indexations to mitigate pricing risks; FOB and DES contracts to provide supply flexibility etc. This augurs well with your Company's commitment to serve our customers in the best way possible.

 Your Company has contracted 1.33 MMTPA LNG supply from various International LNG sources, during this financial year, to encounter the immediate concerns of domestic supply shortage. In addition your Company imported spot cargoes equivalent to 0.36 MMTPA from time-to-time, during this financial year.

 Your Company highly values the importance of developing supporting infrastructure to accelerate LNG market development in India. LNG terminal at Dabhol, Maharashtra having design capacity of 5 MMTPA was commissioned in January 2013 as Owner's Engineer. Your Company has underwritten the terminal capacity and will be the Commercial Operator of Dabhol terminal for 25 years. Dabhol Terminal will act as a gateway to meet the gas demand of consumers in Maharashtra, Goa and Karnataka. Your Company also entered into an understanding with Petronet LNG Limited for reserving exclusive 2.5 MMTPA in the planned Dahej Expansion LNG terminal in Gujarat to meet ever increasing demand along its existing pipeline networks. Your Company is planning to underwrite capacity in the proposed Floating, Storage and Regasification Unit (FSRU) by a JV of GAIL Gas Limited along the coast of Andhra Pradesh to meet the demand of customers in Andhra Pradesh and other adjoining states. Further, your Company is studying to set up a FSRU in offshore Orissa in the East Coast. Besides, your Company is formulating a 'Shipping Strategy' for shipping LNG from Sabine Pass and Dominion Cove Point LNG terminals in US.

 Your Company is also focusing on making upstream investments in gas assets, liquefaction facilities and LNG shipping to have presence in entire LNG value chain to help achieve the twin objectives of (i) the national priority of energy security and (ii) providing better value to its customers.

- **Petrochemicals**

 In order to further your Company's strength in the Petrochemicals sector, your Company is doubling the existing polymer production capacity of 410,000 TPA. In addition, it is also



Shri S. Venkatraman, Director (BD), GAIL receiving Golden peacock award for GPU Gandhar-2013 from Dr. M. Veerappa Moily, Hon'ble Minister of Petroleum & Natural Gas

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in the process of setting up a green-field 2,80,000 TPA Petrochemical Complex at Lepetkata in District Dibrugarh, Assam, through BCPL and furthermore, it is also a co-promoter in ONGC Petro-additions Limited (OPaL), which is implementing a green-field petrochemical complex of 1.4 MMTPA Polymer capacity at Dahej in the state of Gujarat.

- **LPG and Other Liquid Hydrocarbons**

 Your Company has 7 LPG plants in the country which have a production capacity of 1.40 Million MT of LPG and other liquid hydrocarbons viz., Propane, Pentane and Naphtha.

 Your Company also owns and operates exclusive pipelines for LPG transmission for use by third parties. It operates two LPG pipeline transmission systems with a capacity to transport upto 3.8 MMTPA of LPG and network length of 2038 km.

- **Exploration &Production**

 Your Company has participating interest in30 E&P blocks of which Hydrocarbon discoveries are in place in 7 E&P blocks. Development activities have started in 2 E&P blocks inMyanmar, whereas one block in Cambay basin is in commercial production. Appraisal activities are in progress in Mahanadi Offshore block and Tripura onland block.

 Your Company has been building skills for E&P through recruitment of experienced E&P personnel, engagement of Advisors in the field of Geophysics, Drilling & Petrophysics and purchase of advanced hardware and software for Geological and Geophysical interpretation, well test data interpretation and well planning and designing. Moreover, specialized trainings are being provided through in-house programs and nominations in external conferences, seminars etc.

- **Renewables**

 With technological advances, Government incentives and Environmental imperatives driving rapid growth in renewable energy, your Company is taking keen interest in the renewables particularly in wind and solar energy. In the area of wind energy from being a captive producer, your Company has graduated to commercial producer after commissioning 100 MW of wind energy projects in the states of Tamil Nadu and Karnataka. Your Company's total wind energy capacity stands at about 118 MW. Further, your Company intends to expand its wind energy portfolio in the coming years.

 5 MW Solar Plant under Jawaharlal Nehru National Solar Mission located inRajasthan was commissioned in February 2013 and is generating 30,000 – 35,000 Kwh per day.

FINANCIAL PERFORMANCE

- **Sales (Net of ED)**

 Sales (net of ED) increased by 18% from ₹40,281 Crore during 2011-12 to ₹47,333 Crore in 2012-13 majorly due to increase in average exchange rate from about ₹ 47/$ during 2011-12 to about ₹54/$ during 2012-13. Higher price realization on Liquid hydrocarbons & Petrochemical products along with lower level of subsidy shared by your Company from ₹3,183 Crore in 2011-12 to ₹2,687 Crore in 2012-13.

- **Profit after Tax (PAT)**

 Profit after Tax has increased by 10% from ₹ 3654 Crore during 2011-12 to ₹ 4022 Crore in 2012-13 is primarily due to higher price realization on liquid hydrocarbons & Petrochemical products, decrease in subsidy by ₹496 Crores.

- **Earnings per Share (EPS)**

 In view of increase in PAT, EPS has gone up to ₹32 during the year 2012-13 from ₹29 per share during the year 2011-12.

- **Shareholders' Funds**

 The reserves and surplus increased to ₹ 22,959 Crore at the end of the current financial year as compared to ₹ 20,357 Crore in the corresponding previous year. As on 31st March 2013, net worth of the Company stood at ₹ 24,038 Crore, as compared to ₹21,449 Crore as on 31st March, 2012.

- **Debt and Interest (Debt Equity, Debt Service Coverage Ratios)**

 Debt-Equity ratio is at a very comfortable position of 0.38 as on 31st March, 2013. Debt Service Coverage Ratio was at 5 times at the year end.

- **Ratio Analysis (RONW / ROCE)**

 Return to Net Worth (PAT/Net Worth) for the Company during the current financial year stood at 17%. Return on Capital Employed (PBIT/Capital Employed) was 18% for 2012-13.

- **Cash Flow**

(₹in Crore)

Particulars	2012-13	2011-12
Cash Flow from Operating Activities	5,033.41	4,487.74
Cash Flow from Investing Activities	(5,472.15)	(7,141.56)
Cash Flow from Financing Activities	1,865.35	1,453.80
Net Increase in Cash & Cash Equivalents	**1,426.61**	**(1,200.02)**

SEGMENT-WISE PERFORMANCE

- **Segment Wise Turnover (Net of ED)**

(₹in Crore)

Particulars	2012-13	2011-12
Transmission Services		
a) Natural Gas	3,066	3,564
b) LPG Transmission	294	454
Gas Trading	35,596	29,671
Petrochemicals	3,744	3,378
LPG & Other Liquid Hydrocarbons	4,434	3,090
Unallocated	199	124
Total	**47,333**	**40,281**

- **Physical performance**

Particulars	2012-13	2011-12
Natural Gas Throughput (MMSCMD)	104.90	117.62
Natural Gas Trading (MMSCMD)	81.44	84.17
Liquid Hydrocarbon Sales (TMT)	1371	1441
Polymers Sales (TMT)	427	448
LPG Transported (TMT)	3136	3362

RISKS, CHALLENGES AND MITIGATION

- **Sharing of Under Recoveries**

 Government of India is a major shareholder of your Company. Decision on sharing of under recoveries on petroleum products given as discount to Oil Marketing Companies (OMCs) are governed by the Government of India.

 As per Government of India's directives, in order to make sensitivepetroleum products affordable to domestic consumers. Since 2003-04, your Company has shared the under-recovery of OMCs aggregating to an amount of ₹ 16,519crore. During the year under review, your Company has provided ₹ 2,687crore(Previous year: ₹ 3,183 Crores) on account of sharing under-recovery of OMCs.

- **Regulatory Framework**

 Government of India had notified the Petroleum and Natural Gas Regulatory Board (PNGRB) Act in the year 2006. The main functions of PNGRB, inter-alia, include (a) granting authorizations for laying, building, operating or expanding new common carrier or contract carrier pipelines and for laying, building, operating or expanding new city gas distribution networks, (b) declaring pipelines as common carrier or contract

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carrier (c) regulating access to common carrier or contract carrier pipelines and (d) regulating transportation rates of common carrier or contract carrier pipelines and CGD networks.

PNGRB determines transportation tariffs for Natural Gas and LPG Pipelines which may impact the transmission revenues of your Company.

According to the Tariff Regulations, Transmission Tariff for all the pipelines existing/authorized prior to PNGRB are to be calculated based on Discounted Cash Flow methodology for the economic life of the pipeline to provide Twelve percent (12%) post-tax return on capital employed. After the establishment of PNGRB, new pipelines are authorized by PNGRB through a bidding process wherein transmission tariff to be charged to the customer is one of the bidding criteria. The entities submitting the bid is free to determine their rate of return on the proposed investment and accordingly submits the bid. The Transmission Tariff, as per the successful bid, shall be applicable for the entire economic life of the pipeline.

PNGRB also notified PNGRB (Determination of Petroleum and Petroleum products Pipeline Transportation Tariff) Regulations, 2010 (Tariff Regulations) on 20th December 2010. As per said tariff regulation, tariff of JLPL and VSPL LPG pipelines is being determined by benchmarking against alternate mode of transport, i.e. rail at a level of one hundred percent on a train load basis for equivalent rail distance along the petroleum and petroleum pipeline route.

- **Prices of Natural Gas**

 Your Company is currently marketing natural gas procured from domestic as well as international sources.

 The prices of domestic natural gas are either approved by Government of India or are as per the provisions of Production Sharing Contracts (PSCs). Your company purchases Natural Gas from ONGC and OIL from the nominated fields at the prices approved by Government of India. Further, it also purchases domestic Natural Gas from Private Joint Ventures at a price as per the provisions of PSCs. The selling price of such domestic Natural Gas is equal to the purchase price. It earns the marketing margin on sale of domestic Natural Gas.

 In addition to above, your Company purchases imported natural gas mainly from Petronet LNG Limited (PLL) at Dahej, Gujarat. The purchase price and selling price of such Natural Gas (RLNG) is based on international crude price. Further, it also directly imports the Natural Gas through cryogenic ships (LNG) and gets it regasified either at PLL's regasification terminal at Dahej, Gujarat or at Ratnagiri Gas and Power Private Limited (RGPPL) regasification terminal at Dabhol, Maharashtra. Such LNG import is either under a medium term agreement ranging up to three years or under spot cargo purchases. Under medium term import, the selling price is based on the purchase price. However, under spot cargo imports the selling price is dependent upon demand and supply scenario within the country and customer affordability. The import of spot cargo is made based on through assessment of the affordability of the customer, availability of natural gas in international as well as domestic market and customer's natural gas requirement.

- **Polymer products, LPG and other Liquid Hydro-carbons (LHC)**

 Your company is also marketing own produced products like Petrochemical, LPG and Other LHC products. The prices of these products are influenced and determined by global and national demand supply position and vary from time to time.

- **Foreign Exchange Risk**

 Your Company is also exposed to the foreign markets by way of imports of capital goods for various new projects, import for operation & maintenance, loans for meeting the capex requirement and investments abroad. This has increased your Company's exposure to the foreign exchange variation and interest rate risk.

 To manage the forex exposure, your Company has an approved forex policy in line with the changing market dynamics. The main objectives of the policy are:

 - ❖ To identify the forex variation risks and interest rate risk.
 - ❖ To decide the process of management of these risks through a variety of risk management tools.
 - ❖ To establish processes to monitor and control the risk as per the process.
 - ❖ Determine an appropriate level of risk tolerance.
 - ❖ To create an efficient process for reporting the key parameters measuring the risks and performance of the Risk Management Operations.
 - ❖ To establish a procedure for computing, recording and reporting foreign currency exposure.

- **Natural or Man-made Calamity Risk**

 Various risks are associated with Gas transmission and distribution like blowout of pipelines, earthquake, tsunami, terrorist activities, etc.

 These risks are being mitigated right from the designing stage of these projects. However, such natural or man-made risks are emergent events and cannot be totally eliminated. If such an event occurs, it will incur significant liabilities for the Company.

- **Risk Management Framework**

 Your Company has established an Integrated Risk Management Framework (Policy & Procedures) to protect & add value to the Organization & its stakeholders with the objective to:

 - ❖ Ensure sustainable business growth.
 - ❖ Establish ownership throughout the organization & embed Risk Management as an integral part of the business.
 - ❖ Ensure that all the current & expected risk responses of the Organization are identified, qualitatively & quantitatively evaluated & appropriately managed.
 - ❖ Ensure compliance with relevant legal & regulatory requirement.
 - ❖ Assure demonstrable achievement of objectives & improvement of financial stability of the Organization.

 The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. The Corporate Level Risk Steering Committee has been established to oversee the implementation of the Risk Management policy & procedures. The policy & procedures are periodically reviewed & monitored by Functional Directors, Audit Committee & Board.

 For the year 2013-14, Key Corporate Level Risks have been identified & mitigation plans to control these risks are put in place. The key risks are related to Natural gas(NG) sourcing, product & NG demand sensitivity, regulatory, E&P, Forex, Project execution etc.

INVESTOR RELATIONS AND ENGAGEMENT

In line with the Guidelines issued by Department of Disinvestment, Ministry of Finance, Government of India, on Investor Relations for Listed Central Public Sector Enterprises, your Company framed Analyst / Investor Relation Management Guidelines.

The motto of Investor Relations is to reach to maximum number of Investors from both Domestic & Global Markets and ensure dissemination of Financial and Non financial

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information about the company at regular intervals to meet the concerns of stakeholders. Accordingly, your Company has been taking several initiatives from time to time towards disseminating information to investors & analysts at right time and from the senior management which has been recognized & appreciated by the Investor and Analyst Community.

During 2012-13, your Company has organized two analysts/investors meet. First Analysts/ Investors meet was held in Mumbai immediately after announcement of Financial Results which was presided by CMD of your Company and second was done through conference call from the Corporate Office. Besides these meetings, senior officials of your Company attended/ participated in several other conferences & meetings organized by some of the renowned brokerage houses and equity research firms for ensuring interaction with global and domestic investors. In order to appraise the Petrochemical Expansion at Pata to investors/analyst community, your Company organized a plant visit to Pata Petrochemical Plant for Investors/ Analysts on 15th March 2013. In addition to these initiatives, your Company has intimated financial results and presentation made to research analysts etc. to the stock exchanges and simultaneously hosted the same on website of the Company for timely dissemination of information to all stakeholders including the investors.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Company's Industrial Relations climate remained congenial and constructive. There were no Man Days or Man Hours lost on account of any sort of Industrial conflict.

To meet the ever changing business requirements and to maintain sustainable competitive advantage, review of HR policies is being done on continuous basis to align the HR Strategy with the Organizational Strategy. During the year, benchmarking of various HR policies on employee compensation, welfare, performance management and general terms and conditions of service were undertaken to position your Company as an 'Employer of Choice'.

ENVIRONMENT PROTECTION AND CONSERVATION/ RENEWABLE ENERGY DEVELOPMENTS/ FOREIGN EXCHANGE CONSERVATION

Your Company is an inherently environment friendly organization. Transportation & marketing of natural gas; manufacture and sale of liquid hydrocarbons like LPG, Propane, Naphtha & Polymers; promoting the use of



Shri B.C. Tripathi, CMD GAIL and Shri R.D. Goyal Director (Projects), GAIL receiving Oil Industry Safety Award from Dr. M. Veerappa Moily, Hon'ble Minister of Petroleum & Natural Gas & Smt. Panabaaka Lakshmi, Hon'ble Minister of State for Petroleum & Natural Gas

Piped Natural Gas in households and CNG in transport sector has not only contributed in reducing pollution but has also been instrumental in reducing the demand for other conventional fuel.

Your Company is committed to operational excellence in all its business activities with a focus on continuous efforts to improve environmental performance. Adopting the Integrated Management System approach for combining ISO 9001, ISO 14001 and OHSAS 18001 accreditations, your Company is committed towards creating, maintaining and ensuring quality for its products with a safe and clean environment.

Your Company is sensitive to the needs of the community development and environment at large while carrying out its business operations. Its polymer products are environment-friendly and fully recyclable. The manufacturing process and quality systems ensure that the product conforms to the technical specifications, backed by competent services to provide complete confidence to the customers.

While your Company takes pride in leading market position in the natural gas industry and strives to maintain the same, it is committed to mitigate environmental impacts of its operations. Your Company's environmental mission includes reducing energy, material and water consumptions, mitigating climate change impacts and air emissions, sensitivity to biodiversity and managing its operations in an environmentally sound manner.

Your Company is an environmentally-conscious and have developed processes to ensure the conduct of business in a fair and transparent manner with minimal impact on natural resources. Your Company has taken significant measures to make its processes leaner and cleaner. Various green initiatives have been taken from time to time which are testimony towards its endeavour to be seen as an environmentally responsible company.

- **Clean Technologies**

 Your Company gives topmost priority to environmental considerations during various phases of its project such as technology selection, process design and project execution.

 All the Gas Processing Units, Petrochemical Plant and Compressors in your Company are state-of-the-art and from World renowned process licensors. Some of the biggest names in the field of hydrocarbon industry and known for clean technologies are associated with your Company.

- **Conservation of Energy**

 Your Company is committed to efficient and optimal use of energy resources. There is a strong need to conserve fuel so as to ensure continued availability of these non renewable fuels. Measures undertaken by your Company for conservation of energy:

 ❖ Your Company is a leading player in the country in promoting usage of energy efficient equipment duly certified with Bureau of Energy Efficiency (BEE) ratings.

 ❖ Your Company regularly conducts energy

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audits of its installations. Internal energy audits are conducted regularly and the recommendations implemented.

- ❖ Vijaipur unit of your Company has embarked upon a project to use Flare Recovery System as source for supply of Piped Natural Gas (PNG) for the purpose of meeting township gas demands. This will not only release the burden on LPG but also contribute towards environment protection through reduced emissions.
- ❖ Your Company has replaced Closed Cycle Vapor Turbines (CCVT) with Solar PV cells at Radio Repeater (RR) Stations along its cross-country pipelines resulting in significant energy saving and enhancing the safety of the installation.
- ❖ New solar water heaters for domestic use at the GAIL township have been installed to reduce the consumption of electricity for heating of water.
- ❖ The upcoming office building of your Company at Noida has been designed as a green certified building and adopts natural lighting & energy efficient equipment.
- ❖ Your Company has installed eco ventilators in its stores and warehouses which use natural draft of air ventilation. This has stopped the use of electrical exhaust ventilation system.

- **Training and awareness**

 Training in your Company is at the core of its belief system as a mean to continuously upgrade and refresh employees on specific aspects of subject training and latest management techniques. Specific training on HSE modules is imparted to all employees at sites including special training modules for fresh appointees.

- **Green belt Development**

 Extensive greening is a pre-requisite for environment improvement and also aesthetic considerations. Many tree planting and horticulture related improvement programmes have been implemented and these are ongoing processes in your Company to enhance the pollution-free environment in and around its units. The green cover, together with large water bodies in its units, has created an ideal habitat for birds. Your Company has so far developed a green belt spanning over 17.2 million square meters, which is approximately 41% of our total land holdings - much beyond regulatory requirements.

- **Water Conservation**

 Water is a precious resource and your Company has taken significant steps towards its conservation. As part of the Integrated Management Systems, water auditing at its installations is a regular feature. Close monitoring of water consumption and waste water discharges is done for all the units across your Company. Your Company has undertaken specific water conservation projects at two of its installations. "BehetiDhara" Project at Vijaipur is a conversion of open canal to piped supply resulting in water savings of 20 million cubic meter of water per annum. "Jaldhara" Project at Vijaipur is a watershed management project spread over 500 Hectares of area involving water audit, contour survey, rain water harvesting measures etc. At Pata Petrochemical Complex, the treated sewage is being further treated to use the sewage for sports complex and horticulture purpose.

 Your Company is always looking for avenues for reducing its water footprint by deploying water conservation measures and using technological improvements to tap and utilize rain water. Continuous efforts are made to maximize recycle of treated wastewaters. Your Company is now recycling more than 50% of treated wastewater on average during all seasons. The comprehensive wastewater management facilities comprise oil removal facilities, chemical treatment and biological treatment facilities with extended aeration process. Your Company makes continuous efforts to maximize recycling of treated wastewater. By treatment of wastewater, your Company ensures conservation of this precious resource and in turn improves sustainability.

- **Rainwater Harvesting**

 "Rainwater Harvesting" was also undertaken at most of the work centers, to recharge the groundwater strata effectively. Rain water is stored and utilized for captive consumption.

- **Air Monitoring**

 Usage of natural gas virtually rules out Suspended Particulate Matters (SPM) and Oxides of Sulphur (SOX) in air emissions. Your Company implemented flaring system at various important sites to prevent discharge of hydrocarbons directly into the atmosphere. All the boiler and furnace stacks are also equipped with on-line analysers for monitoring stack flue gas quality on continuous basis. Your Company continuously monitors ambient air quality by State of the Art Ambient Air Quality Monitoring Stations at various process plants. The levels of pollutants are maintained below the stipulated norms. Flare stacks are designed for smokeless burning and adequate stack height has been provided as per statutory requirements for effective dispersion of the pollutants.

- **Solid Waste Management**

 In your Company's process plants, hazardous solid waste is stored and disposed off as per the best available environment practices. The solid wastes are collected, stored and handled, in a manner which has no detrimental effect on the ground water and the environment.



Shri B.C. Tripathi, CMD GAIL and Shri Prabhat Singh Director(Marketing) receiving Company of the Year Petrofed Award 2012 under Environmental Sustainability Category from Dr. M. Veerappa Moily, Hon'ble Minister of Petroleum & Natural Gas

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CORPORATE SOCIAL RESPONSIBILITY

In alignment with vision of your Company, CSR initiatives strive to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community. CSR performance indices have been included in the MoU signed with the MoPNG.

In line with the Government guidelines, your Company allocates two percent of its Net Profit after Tax (PAT) of the previous financial year for its CSR activities. CSR initiatives are executed under seven identified major thrust areas, viz- Education/ Literacy Enhancement, Community Development, Infrastructure, Skill Development/ Empowerment, Drinking Water/ Sanitation, Healthcare/ Medical Facility and Environment Protection/ Horticulture. For the year 2012-13, your Company has committed ₹ 92 Crore approximately for a variety of projects, programmes and initiatives in and around its major work centres. CSR in your Company has evolved as a distinct function, with a dedicated team, operating within the framework of a well-structured CSR Policy.

Your Company follows a project based approach in implementing its CSR projects with a well laid down system for identifying and implementing programs, with distinct timelines and project milestones, in terms of a standardised agreement signed with every external executing partner. Efforts are made to take up programs with an in-built system of monitoring till project completion and thereafter in ensuring their sustainability once these are completed. This 'Innovation in Process' of CSR Project-implementation is an achievement of your Company and the CSR team is striving to further hone these systems and processes, through professional guidance from an academic partner of repute in this domain.

- **Flagship Programmes**

 The Flagship Programmes undertaken by your Company have long term commitment for social initiatives in the areas of Education /Literacy Enhancement, Skill Development /Empowerment, Healthcare/Medical.

 Project Padho aur Badho, through the 250 Non Formal Education (NFE) centres across various slums of East Delhi, West Delhi, South Delhi, Noida and Ghaziabad has provided Non-Formal Education to 7500 children in 2012-13, mainly rag pickers and intends to mainstream all of them. So far, more than 8900 children have been mainstreamed into the formal schooling system since the initiation of the project.



Dr. M. Veerappa Moily, Hon'ble Minister of Petroleum & Natural Gas launching Gas-in for Bengaluru city

Your Company has been imparting specialised coaching for IIT/JEE entrance examination (for admission to IITs, NITs, ISRO etc.) for underprivileged children at Kanpur, UP for the students of adjoining districts under the GAIL Utkarsh programme under mentorship of Sh. Abhayanand, IPS. For the year 2012-13, 100 students were identified for this programme through a meticulous selection process. Out of these 100, 23 students have secured admission in various IITs and 7 have qualified IIST (ISRO).

GAIL- IL&FS Skill Schools with integrated 'Backward and Forward' linkages, in the regions of Dediapada (District Narmada, Gujarat), Guna (Madhya Pradesh) and Tandur (District Ranga Reddy, Andhra Pradesh), provide Employment linked Skill Training to disadvantaged youth. Over 2800 youth have been successfully trained in the year 2012-13 in the sectors of retail, sales, hospitality and BPO Service.

In the area of Health Care/Medical, your Company has collaborated with Wockhardt foundation for providing Medical outreach service at 4 major workcentres of your Company viz. Pata in Auraiya (Uttar Pradesh) and Vijaipur, Jhabua & Khera in Madhya Pradesh. The project has extended healthcare support to over 2 Lac people across 240 villages of the two states.

Project Anhad Gram in Jhabua (MP) focuses on creation and promotion of livelihood opportunities through self-employment to 25 tribal villages of the district. The major activities include Organic Farming for sustainable agriculture development, animal rearing activities such as Goatery and Poultry, usage of smokeless fuel through Briquette Making. Women Self Help Groups (SHG) have been formed with over 2000 beneficiaries who have gained employment through indigenous training. Watershed Management Initiatives such as deepening of ponds and construction of check - dams have also been undertaken to augment villager's access to water. The success and goodwill generated from the initiative has inspired your Company to take up a long term Integrated Watershed Development and Management Project, Project Jaldhar in the 2013-14.

Your Company firmly believes that empowering a woman means empowerment of the entire family. With this intent, Project Garima was initiated by your Company for mothers and sisters of children studying in the NFE Centres established under Project Padho aur Badho, in the slums of Delhi/NCR, in order to ensure that women earn their own livelihood and sustain their families. In 2012 - 13, more than 2000 women were provided Skills Training in embroidery, stitching and tailoring, apparel/dress making, handicrafts and beauty culture etc. to promote income generation through self-employment.

- **Other CSR Initiatives**

 Activities taken up by the GAIL Charitable and Education (C&E) Trust

 The GAIL C&E Trust set up in the year 2009 to extend financial assistance to school children provided scholarships to children of

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various schools across its work centres, selected on need-cum-merit basis. The Trust has also extended scholarship to the successful candidates of its Utkarsh programme for supporting their education in the IITs post selection through the IIT-JEE exam.

- **Programmes under Identified Thrust Areas**

 In addition to the flagship programmes as above, your Company has also undertaken several programmes at the grass root level during the course of the year, under the identified thrust areas, as captured below:

- **Literacy Enhancement/Education**

 Your Company is furthering the cause of quality education through initiatives like the E-Shiksha mobile unit which provides computer literacy in Guna, M.P. helping Government schools to develop infrastructure in the form of construction of school buildings, class rooms, laboratories, libraries, smart classes, school bus and drinking water facilities for the Government schools of rural India.

- **Community Development**

 Your Company has extended its support for construction & renovation of numerous public utilities/building which provide better conditions of living for the respective villages. Your Company has supported integrated development programmes in villages through village adoption, construction of anganwadis and balwaadis to create infrastructure for early childhood care and education, undertaking a solar lighting drive through installation of solar street lights. Your Company has undertaken a development works project in the backward district of Bhandara.

- **Drinking Water/Sanitation**

 Water and its unavailability have come across as a chronic concern of the people around the various work centres. Your Company has provided bore-wells, tube-wells, hand-pumps as well as storage facilities across various villages in different parts of the country where the Company has its presence to meet the water requirements of the community. Your Company has taken up a long term project for the holistic development of selected villages of Guna and Auraiya in collaboration with Sulabh Sanitation Mission Foundation, which includes construction of public toilets and sewerage drains.

- **Environment Protection**

 Your Company's commitment towards the environment forms an implicit part of its Vision statement; it has promoted this cause through specific environment-friendly CSR programmes. Your Company has undertaken wildlife protection initiatives and environment conservation initiatives by improving the drinking water facilities for the endangered species and wildlife of Vedaranyam Range in Kodiakarai Wildlife Sanctuary, Tamil Nadu. In order to conserve the cultivated land of Khadar area on Sonali River, Haridwar, Uttarakhand flood protection activities were undertaken by your Company.

- **Health care/Medicine**

 Your Company has organised numerous outreach medical/ health camps in rural areas for tuberculosis thalassemia screening, eye screening & spectacle distribution. Your Company has contributed towards augmentation of cancer treatment services as also provisioned for improved bio mass based cook stoves to under- privileged households in Uttarakhand Region to improve the respiratory health conditions of the women. Your Company has also made a provision of ambulances, diagnostic equipment, computerised ECG equipment, bio-chemistry analyser to various hospitals and has established a Vitreo - Retinal Unit in Eye hospital in M.P. Your Company understands the role and significance of transporters/ drivers/truckers in furthering their business operation. In order to address the perennial problem of HIV/AIDS associated with this segment of the population, your Company is running an STI Clinic in M.P. and also organised HIV/AIDS awareness camps in U.P. and M.P.

- **Infrastructure**

 Creation of infrastructure is one of the oldest areas of CSR intervention for your Company. Your Company has contributed towards improving the connectivity between various villages and also to the towns and cities by means of construction of village roads, community centres, approach roads culverts, community toilets & other facilities in identified villages around its work centres for sustainable development of the villages.

- **Skill Development/Empowerment**

 Education can be the means to an end. The end, however, is employment so that an individual can sustain himself/herself and the family. Your Company has undertaken skill development and vocational training programmes in dari designing, blanket weaving, plumbing, house wiring, bee keeping etc, for effective empowerment and self-reliance. Empowerment of persons with disabilities has also been promoted through several means, such as providing them with necessary medical aids, equipment and infrastructural support, providing specialised motorised vehicle for making them self-reliant.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has developed Internal Control Systems in its various business processes, commensurate with size & nature of business to help achieve its objectives.

Your Company has an in-house Internal Audit Department functionally reporting to Audit Committee which is considered as global best practice. Internal Audit carries out risk based auditing as per the annual audit plan approved by Audit Committee. Further Internal Audit Department is ISO 9001 certified which ensures standardization of system & procedures.

Internal Audit Department consists of professionally qualified executives from various disciplines who carry out audit of financial, commercial, technical and other business activities of your Company besides reviewing the adequacy of Internal Control Systems, Risk Management Framework in line with Board approved Internal Audit Charter/ Manual which contains best global practices in the profession of Internal Auditing.

CAUTIONARY STATEMENT

Statements in the Directors' Report and Management Discussion & Analysis, describing the Company's objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Forward looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Actual results, performances or achievements may vary materially from those expressed or implied, economic conditions, Government policies and other incidental factors such as litigation and industrial relation. Readers are cautioned not to place undue conviction on the forward looking statements.

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ANNEXURE - B

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. The Corporate Governance framework of your Company enjoins the highest standards of ethical and responsible conduct of business to create value for all its stakeholders.

Your Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and ethics, in all facets of its operations, with the primary objective of enhancing shareholder value.

In commitment to practice sound governance principles, your Company is guided by the following core principles:

- Proactive flow of information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.
- To comply with all the applicable laws, rules and regulations.
- Ethical business conduct by the Board management and employees
- Well developed systems and processes for internal controls throughout organizational structure
- Strategic supervision by the Board of Directors

The Board of your Company constantly endeavors to set goals and targets aligned to the Company's Vision and Mission.

BOARD OF DIRECTORS

The Board of Directors of your Company consists of whole-time Directors including CMD, Part-time Government Nominee Directors and Part-time non-official (Independent) Directors. Whole-time Directors are involved in day-to-day management of the Company. Government Nominee Directors are representative of administrative Ministry of Government of India to take care of interest of Government of India. Independent Directors are appointed by Government of India to take care of interest of all stakeholders including minority shareholders. Your Board is responsible for defining Company policies and overseeing their implementation.

Apart from statutory sub-committees viz. Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee, there are further 12 Board level Committees for implementing the overall business strategy and creating value for the stakeholders, as approved by the Board of Directors. The minutes of sub-committees of the Board are also placed before the Board from time to time. Details of various sub-committees of the Board are forming part of Annual Report.

In line with sound Corporate Governance framework all statutory, significant and material information are placed before the Board to enable to review the performance of the Company.

- **Composition**

 Your Company, being a Government Company, appointment/ nomination of all the Directors is being done by the President of India, through the Ministry of Petroleum & Natural Gas (MoPNG). The Articles of Association of the Company stipulates that the number of Directors shall not be less than three and not more than twenty.

 As on 31st March, 2013, there were 11 (Eleven) Directors on the Board comprising of 6 (Six) Whole-Time Directors including the Chairman & Managing Director, 2 (Two) Part-time Directors (Government Nominee) and 3 (Three) Part-time non-official (Independent) Directors. The details w.r.t. attendance, number of other Directorships and Chairmanship/ Memberships of Committees of each Director are as under:

Name and Designation of the Director	No. of Board Meetings attended during the Tenure	Attendance at last Annual General Meeting	Directorships held in other Public Limited Companies	Committee Membership in other Companies	Chairperson of Committees of other Companies
I. Whole-time Directors					
Sh. B. C. Tripathi Chairman and Managing Director	11	Yes	04	01	Nil
Sh. R. D. Goyal Director (Projects)	11	Yes	Nil	Nil	Nil
Sh. S.L. Raina Director (HR)	11	Yes	03	02	Nil
Sh. Prabhat Singh Director (Marketing)	11	Yes	01	Nil	Nil
Sh. S. Venkatraman Director (Business Development)	11	Yes	03	01	Nil
Sh. P.K. Jain Director (Finance)	11	Yes	02	01	01
II. Part-time Directors (Government Nominee)					
Sh. Sudhir Bhargava	09	No	02	Nil	Nil
Dr. Neeraj Mittal	09	No	01	Nil	Nil
III. Part-time non-official (Independent) Directors					
Sh. Arun Agarwal	11	Yes	03	01	02
Smt. Shyamala Gopinath	07	No	08	03	02
Dr. A.K. Khandelwal	08	No	04	Nil	Nil
Sh. Mahesh Shah (upto 10.08.2012)	02	No	02	01	Nil
Sh. R. M. Sethi (upto 10.08.2012)	02	No	Nil	Nil	Nil
Dr. Vinayshil Gautam (upto 10.08.2012)	02	No	05	02	Nil
Sh. R.P. Singh (upto 09.08.2012)	01	N.A.	Nil	Nil	Nil
Sh. Vivek Mehrotra (upto 14.05.2012)	N.A.	N.A.	Nil	Nil	Nil

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Notes:

1. During the year 2012-13, 11(Eleven) Board Meetings were held.
2. 28th Annual General Meeting was held on 05.09.2012.
3. Based on disclosures received from concerned Director(s):
 i. Directors inter-se are not related to each other.
 ii. None of the Director(s) on the Board is a Member of more than 10 (Ten) Committees or Chairman of more than 5(Five) Committees across all the companies in which he/she is a Director. Membership/Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders/ Investors Grievance Committee.
 iii. None of non-executive Directors hold any Equity Shares in the Company.
 iv. None of the non-executive Directors have any pecuniary relationship or transactions with the Company during the FY ending on 31st March, 2013.

- **Meeting Details**

 During 2012-13, 11 (Eleven) meetings of the Board were held in 2012- 30th May, 30th July, 18th August, 26th September, 26th October, 16th December and 2013-14th February, 11th March, 19th March, 26th March and 28th March.

AUDIT COMMITTEE

- **Terms of Reference**

 The terms of reference of Audit Committee is in accordance with Companies Act, existing Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 formulated by Department of Public Enterprise (DPE guidelines on Corporate Governance) which, inter-alia, include oversight of financial reporting process, recommending the appointment of and fixation of fees for auditors, approval of payment to auditors for payment of any other services rendered, reviewing annual and quarterly financial statements, reviewing performance of statutory / internal auditors and adequacy of internal control system, reviewing adequacy of internal audit function, discussion with internal auditors, reviewing findings of internal investigations, discussion with statutory auditors and reviewing whistle blower mechanism etc.

- **Composition**

 As on 31st March, 2013, the Audit Committee comprised of Sh. Arun Agarwal as the Chairman, Sh. Prabhat Singh, Director (Marketing), Smt. Shyamala Gopinath and Dr. A.K. Khandelwal as the members.

 Director (Finance), Statutory Auditors of your Company and Head of Internal Audit are the permanent invitees to the meetings of Audit Committee. Audit Committee hold post-audit discussions with joint statutory auditors on accounting practice, policies followed by the Company etc. Other Functional Directors and other senior functional executives are also invited, as and when required, to provide necessary information/clarification to the Committee. The Company Secretary acts as the Secretary to the Committee.

- **Meeting Details**

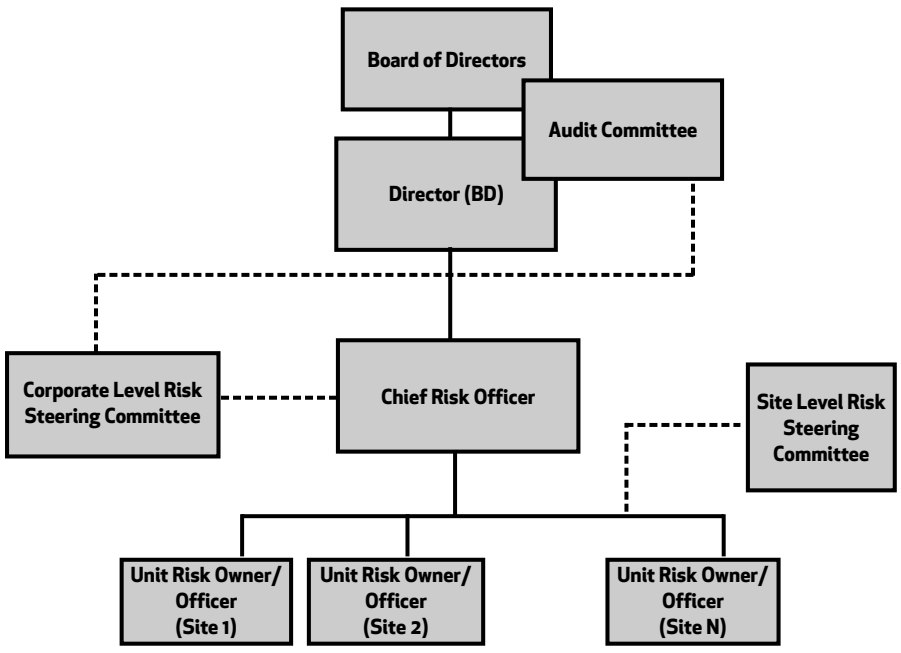
 During 2012-13, 11 (Eleven) meetings of Audit Committee were held in 2012- 20th April, 30th May, 14th June, 25th July, 30th July, 18th October, 25th October, 12th December and 2013-24th January, 14th February and 6th March. The attendance of the Members at the meetings was as follows:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1.	Sh. Mahesh Shah	05	05
2.	Sh. R. M. Sethi	05	05
3.	Sh. Arun Agarwal	11	11
4.	Smt. Shyamala Gopinath	06	03
5.	Dr. A.K. Khandelwal	06	06
6.	Sh. Prabhat Singh Director (Marketing)	04	03

- **Risk Management Framework**

 Risk Management Framework was institutionalized in your Company in the year 2007. A robust Risk Management Framework supports your Company's business strategy and operations. Risk Management Framework is constantly updated for new and emerging risks emanating from business expansions and interests. During the year, the key business areas and risks were reviewed by your Company with assistance of M/s Deloitte Haskins & Sells.

 The Risk Management Organization structure is as under:



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Risk Management Framework key risks are reviewed by CMD & Functional Directors, before putting up the same to Audit Committee on quarterly basis. The Board along with the Audit Committee oversees the effectiveness and performance of risk management frame work.

- **Policy on Whistle Blower and Fraud Prevention**

 In order to ensure greater transparency in all aspects of your Company's functioning, your Company has adopted resolution no. 89 of Government of India pertaining to 'Public Interest Disclosure and Protection of Informer' and implemented the same as 'Whistle Blower Policy' in your Company. It, inter-alia, covers employees to report to the management in writing complaints or disclosure on any allegation of corruption or mis-use of office. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism.

 The policy allows direct access to the Chairperson of the Audit Committee in exceptional cases. No employee has been denied access to the Audit Committee. Audit Committee reviews the complaints received under whistle blower mechanism on quarterly basis.

 "Excellence with Ethics" is the mantra of your Company in conduct of its business. Your Company has established various preventive and predictive measures to detect fraudulent activity (ies). To enhance stakeholders' confidence in the Company, your Company has framed the Fraud Prevention Policy to further foster an honest and transparent environment amongst the employers and other stakeholders dealing with the Company. The policy will endeavor to prevent, detect and allow for speedy disposal of fraud or suspected fraud.

 A report on status of fraud is put up to Audit Committee on quarterly basis and Fraud Risk Assessment Report, which is reviewed by Corporate level Committee consisting of senior officials, is also put up to Audit Committee on half yearly basis.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- **Terms of Reference**

 The terms of reference of the Committee is to, inter-alia, look into investor's grievances and matters relating to R&TA.

- **Composition**

 As on 31st March, 2013, the Shareholders/ Investors Grievance Committee comprised of Smt. Shyamala Gopinath, as the Chairperson, Sh. S. L. Raina, Director (HR) and Sh. Prabhat Singh, Director (Marketing) as the member(s). The Company Secretary acts as the Compliance Officer of the Company.

- **Meeting & Other Details**

 During 2012-13, a meeting of Committee was held on 30th July, 2012, which was attended by then Members viz. Sh. Mahesh Shah, Chairman, Sh. S.L. Raina & Sh. Prabhat Singh.

 Letters of shareholders received through SEBI/Stock Exchanges/MCA/Depositories/ other statutory authorities are considered as 'Complaints'. The day to day requests received from the shareholders are taken up by MCS Ltd., Registrar & Share Transfer Agent (R&TA) directly and are not included in the complaints. Status of the Complaints received and redressed during the respective quarters is being placed periodically to the Audit Committee and Board.

 During the year 2012-13, 26 complaints were received from the shareholders/investors through SEBI/Stock Exchanges and other statutory bodies, which pertained to matters like non-receipt of dividend, annual report, etc. All the 26 complaints were resolved, therefore, as on 31st March, 2013 there were no investor complaints pending.

 Government of India came out with 'Offer for Sale' of shares of your Company in the year 2004. As per information made available by MCS Ltd., as on 31st March, 2013, there were 25 pending cases for share credit consisting of 1,312 equity shares (including 437 bonus shares). Your Company has sent communication(s) to said shareholders for the share credit.

 The R&TA/Company has taken various steps to ensure that the shareholder related matters/issues are given due priority and are resolved within a reasonable period of time except the grievance relating to 'Offer for Sale' of equity shares by Government of India and/or grievance constrained by incomplete documentation and/or legal impediments against the Company.

 R&TA has designated exclusive e-mail id(s) viz., admin@mcsdel.com and mcsgail@mcsdel.com to facilitate investors to register their complaints, requests etc if any. There is a separate dedicated section on the Company's website www.gailonline.com captioned 'Investor Zone' to make aware the shareholders about latest developments and updated information about shareholding pattern, dividend declaration, IEPF transfer etc.

REMUNERATION COMMITTEE

Your Company being a Government Company, the remuneration of its Whole-time Directors is determined by the President of India, through Ministry of Petroleum & Natural Gas. The Part-time Director(s) (Government Nominee) do not receive any remuneration from the Company. Further, the Part-time non-official (Independent) Directors are being paid sitting fee of ₹ 20,000/- and ₹ 15,000/- for attending each meeting of the Board and Committee respectively in addition to expenses incidental thereto.

- **Terms of Reference**

 The terms of reference of this Committee is to deliberate and decide on Performance Related Pay (PRP) pool and policy of distribution of PRP to employees in the pay structure and examination of issues relating to pay and perks other than PRP prior to consideration by the Board.

- **Composition**

 As on 31st March 2013, the Remuneration Committee of the Company comprised of Dr. A. K. Khandelwal as the Chairman, Smt. Shyamala Gopinath and Sh. Arun Agarwal, as the member(s). Director (HR) and Director (Finance) are the permanent invitees to the meetings of Remuneration Committee.

- **Meeting & Other Details**

 During 2012-13, a meeting of Remuneration Committee was held on 5th October, 2012, which was attended by Dr. Khandelwal, Chairman and Sh. Arun Agarwal, Member.

 The details of remuneration paid to Whole-time Directors of the Company for 2012-13, are as below:

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S. No.	Name of the Director	Salary & Allowances	Contribution to PF	Other Benefits and Perquisites	Performance Related Payment	Total
1.	Sh. B. C. Tripathi Chairman and Managing Director	27.85	4.71	6.65	14.81	54.02
2	Sh. R. D. Goyal Director (Projects)	35.72	4.51	6.95	10.63	57.81
3	Sh. S.L. Raina Director (HR)	26.82	4.31	5.54	10.15	46.82
4	Sh. Prabhat Singh Director (Marketing)	22.98	4.24	5.29	9.99	42.50
5	Sh. S. Venkatraman Director (Business Development)	27.36	4.27	6.41	10.07	48.11
6	Sh. P.K. Jain Director (Finance)	26.30	4.35	5.72	10.24	46.61

The payment made to Whole-time Directors did not include provision for leave, gratuity and post retirement benefits as per AS-15 since the same were not ascertained for individual employee (Refer note no. 38). During the year under review, your Company had not introduced any stock-option scheme.

The service contract of Whole-time Directors is for five years (or till superannuation, whichever is earlier) and is subject to extension by MoPNG. The notice period of three months or salary in lieu thereof is required in case of severance of service. Part-time non-official (Independent) Directors are usually appointed for three years period by Government of India.

The details of sitting fees paid to the Part-time non-official (Independent) Directors, for attending the meetings of the Board of Directors and Committee(s) thereof, is given below:

S. No.	Name of the Independent Director(s)	Amount
1	Sh. Mahesh Shah	1.75
2	Sh. R.M. Sethi	1.45
3	Dr. Vinayshil Gautam	1.00
4	Sh. Arun Agarwal	7.45
5	Smt. Shyamala Gopinath	2.45
6	Shri R.P. Singh	0.20
7	Dr. A.K. Khandelwal	3.85

GENERAL BODY MEETINGS

- **Location and Time**

 The location, time and details of special resolutions passed during last three AGMs are as follows:

Year	2009-10	2010-11	2011-12
AGM	26th	27th	28th
Date & Time	22.09.2010 10:30 am	07.09.2011 10:30 am	05.09.2012 10:30 am
Venue	Air Force Auditorium, Subroto Park, New Delhi-110010	Air Force Auditorium Subroto Park, New Delhi-110010	Air Force Auditorium Subroto Park, New Delhi-110010
Special Resolution passed	Appointment of Ms Esha Goel, daughter of Shri R.K. Goel, Director (Finance) to hold an office or place of profit in the Company	None	None
Details	To appoint Ms Esha Goel, daughter of Shri R.K. Goel, Director (Finance) to hold an office or place of profit in the Company as Deputy Manager (BIS) at E-3 level	N.A.	N.A.

Apart from above, no item warranted the postal ballot as stipulated under the Companies Act, 1956. No special resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

DISCLOSURES

a. Annual Financial statements 2012-13 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant related party transactions that may have potential conflict with the interest of your Company at large. The details of "Related Party Disclosures" are being disclosed in Note no. 43 to the accounts in the Annual Report.

b. Your Company has filed report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG/ DPE within stipulated time.

c. The CEO/CFO of the Company have certified the specified matters to the Board and Audit Committee, as required under clause 49 of the Listing Agreement.

d. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of your Company for the financial year ending on 31st March, 2013.

e. In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with an objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Directors/ Officers/ Designated Employees are prevented to deal in the Company's shares during the closure of Trading Window.

f. Your Company has implemented online Legal Compliance Management System which covers the compliance of all the applicable legislative categories and laws (Central and Sate) to your Company.

g. Your Board has approved the Training Policy for Board Members and the same has been implemented. Your Company's Directors are nominated to attend conferences on corporate governance and other industry related matters conducted by DPE, SCOPE and other reputed Institutes at regular intervals.

h. Your Company has complied with all the mandatory and non mandatory requirements of Clause 49 of the Listing Agreement except composition of Board of Directors, as

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specified in clause 49 (1A) (ii) of the Listing Agreement with respect to required number of Independent Directors on the Board. There has been no instance of non compliance with any stock exchange, SEBI on any matter relating to capital market over the last 3 years.

Your Company is regularly taking up the matter with Ministry of Petroleum & Natural Gas, Government of India for appointment of requisite number of Independent Directors on the Board of the Company. The Government of India is in the process of selecting Independent Directors through a process of Search Committee and will take some time before the Government nominates requisite number of Independent Directors on the Board of your Company.

i. During the year under review, no Presidential Directives has been received by the Company and Presidential Directives issued by MoPNG in 2009 with respect to pay revision of employees has been complied with.

j. Department of Public Enterprise has formulated Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Your Company is complying with these guidelines except composition of Board of Directors.

No item of expenditure has been debited in books of accounts, which are not for the purposes of the business and no expenses, which are personal in nature, have been incurred for the Board of Directors and Top Management.

The administrative & office expenses and financial expenses constitutes 2.79 % and 0.46 % respectively of total expenses for 2012-13 as against 2.67% and 0.33 % in 2011-12.

k. Your Company nominates its representatives on the Board of subsidiary companies and monitors the performance of such companies periodically. In terms of Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance, performance of the subsidiary companies is, inter-alia, reviewed by the Audit Committee and the Board as under:

(i) Consolidated financial statements comprising of financial statements of subsidiary companies etc., are reviewed by the Audit Committee and Board.

(ii) Minutes of the meetings of the Board of Directors are put up to the Board, from time to time.

(iii) Investments made by unlisted subsidiary companies are also reviewed by the Audit Committee and Board.

(iv) A statement of all significant transactions and arrangements periodically entered into by the Subsidiary(ies) Company are also reviewed by the Audit Committee and Board.

The Company does not have any material unlisted subsidiary companies in terms of the Clause 49 of the Listing Agreement.

MEANS OF COMMUNICATION

Timely disclosure of consistent, relevant and reliable information on financial performance is at the core of good governance. Towards this end, major steps taken are as under:

- The unaudited and audited quarterly results of your Company were announced within stipulated 45/ 60 days respectively from the end of respective quarter. In order to attain maximum shareholder reach, the financial results of the Company during the year 2012-13 were published in leading English and Vernacular dailies having wide circulation across the country.
- Updated information relating to shareholding pattern, financial results etc. is available on Corporate Filing and Dissemination System in addition to the website of your Company.
- Official news/press releases and presentations made to analysts are also hosted on your Company's website from time to time.
- The website of your Company contains dedicated section 'Investor Zone' having updated relevant information for shareholders.
- Printed copy of 'Chairman Speech' is distributed to all the shareholders at the Annual General Meetings. The same is also placed on the website of your Company.
- Reminders for unclaimed shares, unpaid dividend are sent to the shareholders as per records every year.

CORPORATE BENEFITS

- **Dividend**

During the 2012-13, the Board of Directors approved the payment of dividend, for which the Record Date / Book Closure and dividend payment dates were fixed, as per the following details:

S. No.	Dividend Declared	Dividend (%)	Record Date / Book Closure	Dividend Payment Date
1.	Interim Dividend	40% (₹ 4/- per share)	20.02.2013	22.02.2013
2.	Final Dividend (Proposed)	56% (₹ 5.60/- per share)	07.09.2013 to 25.09.2013	03.10.2013

With this, your Company has proposed a total dividend of 96% (₹ 9.6/- per equity share each) on the paid-up equity share capital, for the year ended 31st March, 2013.

- **Investor Education and Protection Fund (IEPF)**

Pursuant to Section 205C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, is required to be transferred to IEPF established by the Central Government in this behalf.

During the year, your Company had transferred an amount of ₹ 18.17 lacs, ₹ 19.27 lacs and ₹ 7.24 lacs in IEPF for unclaimed/unpaid final dividend for FY 2004-05, interim dividend and special interim dividend for FY 2005-06 respectively.

The subsequent due dates of transfer of unpaid/ unclaimed dividend to IEPF for the imminent financial year are as under:

S. No.	FY	Type of Dividend	Dividend (%)	Last date for claiming Unpaid Dividend	Due date for transfer to IEPF
1	2006-07	INTERIM	55	19.12.2013	19.01.2014
		SPL INTERIM	25	05.03.2014	05.04.2014
		FINAL	20	02.09.2014	02.10.2014

After the transfer of unpaid/unclaimed amount to IEPF, no claim shall lie against Company/R&TA/Fund, Members who have not yet encashed their Dividend Warrant(s) may approach the R&TA/Company for issuance of demand draft(s) upon completion of necessary formalities in the said behalf in lieu of such warrant.

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- **Other Details**

 For change of address/bank details/ dividend mandate/ email Id, if any, Members may approach-

 i) if shares are held in physical mode, to the R&TA/Company.

 ii) if shares are held in electronic mode, to their Depository Participant (DP). The R&TA/Company will not entertain such requests, if any.

 Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their DP are used for the purpose of overprinting on Dividend Warrants or remittance of dividend through National Electronic Clearing Service (NECS), wherever applicable. A detailed reference note on dividend related activities is also available at Company's website under 'Investor Zone'.

GENERAL SHAREHOLDER INFORMATION

- **Forthcoming AGM : Date, Time and Venue**

 29th Annual General Meeting of the Company is scheduled for **Wednesday,** the **25th day of September, 2013** at **10.30 a.m.** at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010.

- **Financial Year**

 The Company's Financial Year is from 1st April to 31st March.

- **Listing on Stock Exchanges**

Stock Exchange	Security Code	Type of Security
Bombay Stock Exchange Limited (BSE)	532155	Equity Shares
National Stock Exchange of India Limited (NSE)	GAIL-EQ	Equity Shares
London Stock Exchange	GAID LI GAILY US	GDRs

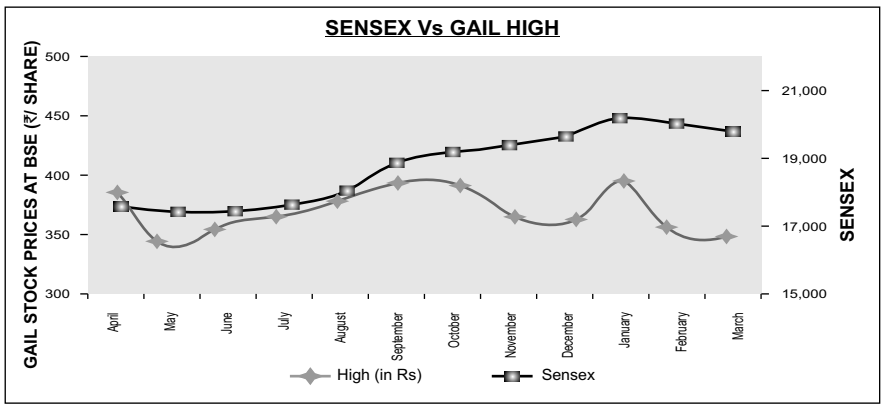
Further, the Non-Convertible Redeemable Bonds - Series - I (6.10%), Series - II (5.85%), Bond Series - I, 2010 (8.80%) and Bond Series - I, 2012 (9.14%) of your Company are listed at the Wholesale Debt Market (WDM) segment of NSE. State Bank of India, Mumbai is the Bond Trustee for the Bonds - Series - I (6.10%) and Series - II (5.85%) and IDBI Trusteeship Services Limited, Mumbai is the Bond Trustee for the Bond Series - I, 2010 (8.80%) Bond Series - I, 2012 (9.14%). During the year, second series of Bond Series - I (6.10%) having ISIN code INE129A07024 and fourth series of Bond Series - II (5.85%) having ISIN code INE129A07099 were redeemed on 22nd August, 2012 and 25th March, 2013 respectively.

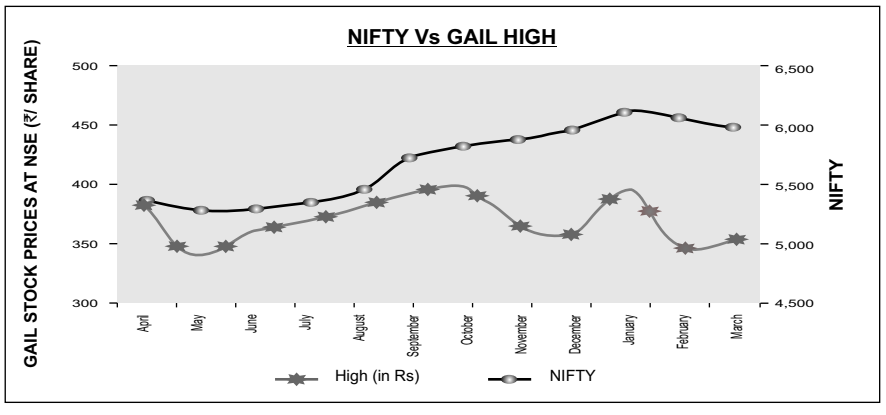
The Annual listing fees for the listed equity shares and Bonds of your Company, pertaining to the year 2013-14 has been paid to the concerned Stock Exchanges. Your Company has also made the payment of the Annual Custody Fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for 2013-14, based on the average folio/ISIN positions during 2012-13.

- **Market Price Data**

Market Price Data for FY 2012-13

Months	BSE			NSE			Market Capitalization (₹ In Crores)		Market Index	
	High (in ₹)	Low (in ₹)	Volume (No. of Shares)	High (in ₹)	Low (in ₹)	Volume (No. of Shares)	BSE	NSE	SENSEX	NIFTY
April	385	323	1,697,865	385	322	26,362,539	41,910	41,917	17,664	5,379
May	340	303	1,271,908	341	302	25,598,812	40,902	40,718	17,432	5,280
June	360	314	1,891,922	360	314	28,762,600	44,606	44,650	17,448	5,286
July	367	337	1,376,657	367	337	16,035,077	44,891	44,904	17,631	5,349
August	380	350	1,189,717	381	349	19,635,998	44,600	45,031	17,972	5,449
September	393	345	1,231,641	393	346	19,898,024	48,589	48,583	18,869	5,735
October	396	348	1,732,022	397	321	20,930,118	44,244	44,270	19,137	5,815
November	367	336	758,032	368	336	17,509,078	44,695	44,777	19,372	5,885
December	359	343	1,114,256	358	343	14,037,684	45,170	45,285	19,612	5,965
January	395	336	2,362,320	396	335	34,028,416	43,439	43,382	20,203	6,112
February	348	325	1,334,056	348	325	23,254,690	42,190	42,240	19,966	6,053
March	350	300	1,301,363	351	300	21,417,596	40,483	38,562	19,754	5,971





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- **Share Transfer System**
 The shares of your Company are being compulsorily traded in dematerialized form and are available for trading under both the depositories in India viz. NSDL and CDSL. MCS Ltd. is the depository interface of your Company.
 Your Company has a Share Transfer Committee in place which considers the requests for transfer/transmission of shares, issue of duplicate share certificates, re-materialization etc. All transfer/remat/transmission request(s) have complied with KYC norms.
- **Distribution of Shareholding**
 The distribution of shareholding of your Company as on 31st March, 2013 is detailed below:

No. of Equity Shares held	No. of Shareholders	% to Total	No. of Shares	% to Total
1	6,410	3.30	6,410	0.00
2-10	21,661	11.14	1,48,676	0.01
11-50	74,437	38.29	23,59,580	0.19
51-100	36,814	18.94	30,00,023	0.24
101-200	26,582	13.81	41,13,460	0.32
201-750	23,190	11.93	80,19,446	0.63
751-5000	4,074	2.10	65,66,409	0.52
5001-10000	293	0.15	21,26,517	0.17
10001-15000	101	0.05	12,62,835	0.10
15001 and above*	549	0.29	1,24,08,74,044	97.82
TOTAL	**1,94,381**	**100.00**	**1,26,84,77,400**	**100.00**

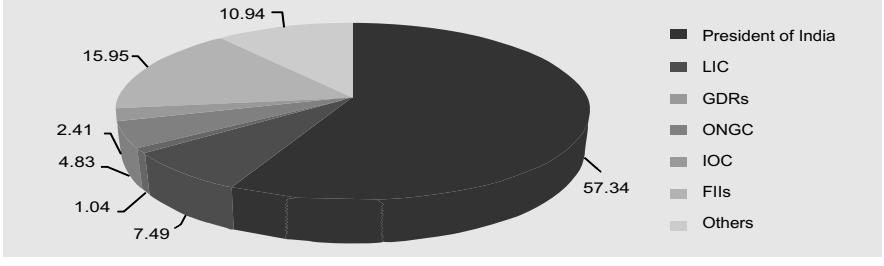
* includes holding of President of India

- **Geographical Distribution of Shareholders as on 31st March, 2013**

S. No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1	Delhi*	20,568	10.58	79,28,67,749	62.51
2	Chandigarh	1,011	0.52	1,44,241	0.01
3	Kanpur	1,341	0.69	1,57,187	0.01
4	Jaipur	2,632	1.35	2,42,909	0.02
5	Ahmedabad	10,416	5.36	18,41,598	0.15
6	Mumbai	43,597	22.43	45,47,63,498	35.85
7	Nagpur	1,057	0.54	1,07,348	0.01
8	Hyderabad	4,847	2.49	5,96,496	0.05
9	Bangalore	9,262	4.76	9,95,529	0.08
10	Chennai	7,263	3.74	30,56,821	0.24
11	Trivandrum	599	0.31	97,411	0.01
12	Kolkatta	9,187	4.73	46,61,173	0.37
13	Bhubaneswar	427	0.22	34,937	0.00
14	Guwahati	474	0.24	60,794	0.00
15	Patna	745	0.38	71,350	0.01
16	Others	80,955	41.66	87,78,359	0.68
	Grand Total	**194,381**	**100.00**	**1,26,84,77,400**	**100.00**

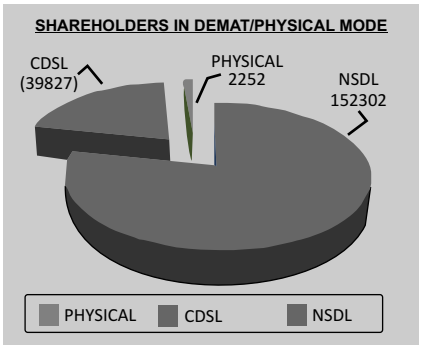
* President of India holds 72,73,90,047 Equity shares of the Company in electronic mode, which constitutes 57.34% of total paid up equity capital.

- **Shareholding Profile as on 31st March, 2013**



- **Dematerialization of Shares and Liquidity**

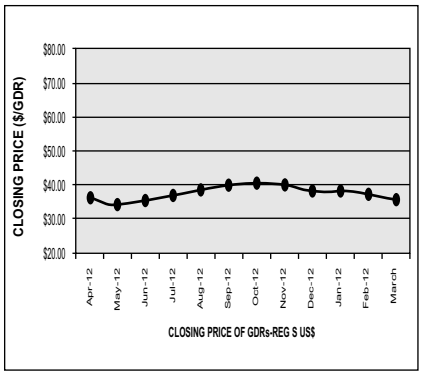
 As on 31st March, 2013, your Company has 1,94,381 no. of shareholders, out of which 1,92,129 shareholders were holding equity shares in demat mode and 2,252 shareholders were holding equity shares in physical mode. The demat ISIN of your Company's equity shares is INE129A01019 and Corporate Identification Number of Company is L40200DL1984GOI018976. The trading in equity shares of your Company is permitted only in dematerialized form.



- **Outstanding GDRs/ADRs/Warrants or Convertible Instruments**

 The Government of India had disinvested 135 million equity shares out of its holding in the international market through GDR mechanism in 1999-2000. Total 22.5 million GDRs were issued, one GDR representing six underlying equity shares. As on 31st March, 2013, a total number of 22,16,437 GDRs representing 1,32,98,622 (1.04%) number of equity shares were outstanding. The conversion of GDRs into equity shares has no impact on total equity capital.

 The performance of GDRs indicating the closing price of GDRs listed at London Stock Exchange is given as under:



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Dr. M. Veerappa Moily, Hon'ble Minister of Petroleum & Natural Gas and Shri B.C. Tripathi, CMD, GAIL at Carizzo Shale Gas site at Texas, USA

- **Major Plant Locations**
 The following are the major plant locations of your Company:-

U. P. Petrochemical Complex, PATA
P.O. Pata - 206241
Distt. Auraiya (U.P)

LPG Recovery Plant, Usar
P.O. Malyan - 402203
Tal. Alibagh
Distt. Raigad (Maharashtra)

LPG Recovery Plant, Vijaipur
GAIL Complex
Vijaipur - 473112
Distt. Guna (M.P)

LPG Recovery Plant, Vaghodia
GIDC Industrial Estate
Vaghodia - 391760
Distt. Baroda (Gujarat)

LPG Recovery Plant, Lakwa
Sivasagar - 785688 Assam

LPG Recovery Project, Gandhar
Village Rozantankaria Tal. AMOD
Distt. Bharuch - 392140
(Gujarat)

- **Address for Correspondence**

GAIL (India) Limited
16, Bhikaiji Cama Place
R.K. Puram
New Delhi - 110066
Phone: 91-11-26172580/26182955
Fax No.: 91-11-26185941
Website: www.gailonline.com

INVESTOR MANAGEMENT AND ENGAGEMENT

The relationship with domestic and foreign investors is of significant importance for your Company. Your Company regularly organize analyst meets for investors. Your Company participated in a number of investor conferences and meets to strengthen communication and interaction with the financial community. The details of the same are mentioned in the Management Discussion & Analysis section of the Annual Report.

Shareholders correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose contact details are mentioned as under:

MCS Ltd.
Unit: GAIL (India) Limited
F-65, Okhla Industrial Area Phase-I
New Delhi - 110020
Phone: 91-11-41406149/50/51/52
Fax: 91-11-41709881
Website: www.mcsdel.com
E-mail: admin@mcsdel.com & mcsgail@mcsdel.com

COMPLIANCE CERTIFICATE

The statutory auditors of your Company have examined and certified your Company's compliance with respect to conditions enumerated in clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance. The certificate forms part of this Report.

Secretarial Complaince Report confirming compliance by Practicing Company Secretary of the applicable provisions of Companies Act, 1956, Listing Agreement, Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE and all other related rules and regulations relating to capital market forms part of the Directors' Report.

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ANNEXURE - C

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GAIL (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by GAIL (India) Ltd. for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and examination thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and in DPE guidelines, subject to that requisite number of the Independent Directors on the Board which was less than half of the total strength of the Board as required under clause 49 of the Listing agreement and in DPE guidelines. The Company has informed that the Government of India is in process of selecting requisite number of Independent Directors, since GAIL is a Government Company. We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M.L. Puri & Co.
Chartered Accountants
Firm No.: 002312N

Navin Bansal
Partner
Membership No.: 091922

Place: New Delhi
Dated: June 13, 2013

For Rasool Singhal & Co.
Chartered Accountants
Firm No.: 500015N

Sandeep Gupta
Partner
Membership No.: 413890

Place: New Delhi
Dated: June 13, 2013

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ANNEXURE - D

SECRETARIAL AUDIT REPORT

The Board of Directors
GAIL (India) Limited
16, Bhikaji Cama Place
R.K. Puram
New Delhi-110066

We have examined the registers, records, books, papers and minutes of GAIL (India) Limited for the FY ended on 31.03.2013 maintained as per the provisions of :

- The Companies Act, 1956 (the Act) and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulation and Bye-laws framed under that Act;
- The Securities Contracts (Regulation) Act, 1956 and Bye-laws framed under that Act;
- Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- Securities and Exchange Board of India (Issue of Sweat Equity) Regulations, 2002
- Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- Equity Listing Agreement with BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with National Stock Exchange of India Limited;
- DPE guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 and
- Memorandum and Articles of Association of the Company.

I. Based on examination and verification of the registers, records and documents produced to us and according to the information and explanations given by the Company, we report that the Company has in our opinion, specifically complied with the enabling provisions, inter-alia, with regard to:

1. Maintenance of various statutory registers and documents and making necessary entries therein;
2. Closure of the Register of Members and Bond holders;
3. Declaration and payment of dividend including interim dividend;
4. Payment of interest on bonds and redemption of bonds;
5. Transfer of unpaid dividend amount as required under the Act to the Investor Education and Protection Funds;
6. Filing of requisite forms and returns with Registrar of Companies within stipulated time;
7. Service of document by the Company to its Members, Bond holders, Bond Trustees and the Registrar of Companies;
8. Convening and holding of Board and its sub-Committee meetings including passing of resolutions by circulation;
9. Appointment retirement and re-appointment of Directors;
10. Directors' Report including notice of AGM, annual account etc. within the stipulated time;
11. Convening and holding of Annual General Meeting;
12. Transfers and transmissions of the Company's shares;
13. Registration and modification of charges;
14. Investment of the Company's funds including guarantee, inter corporate loans & investments; and
15. Remuneration of statutory auditors, appointment and remuneration of cost auditors.

II. We further report that the Company has complied with:

1. Equity Listing Agreement with NSE & BSE, Debt Listing Agreement with NSE, GDR Listing Agreement with London Stock Exchange and DPE Guidelines on Corporate Governance for CPSE including filing of report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG and DPE within stipulated time; save and except composition o Board of Directors, with respect to required number of independent Directors on the Board.

 The Company has informed that GAIL being a Government Company, appointment/ nomination of all the Directors is being done by the President of India, through the Ministry of Petroleum & Natural Gas (MoPNG). The Government of India is in process of selecting requisite number of Independent Directors.
2. Depositories Act, 1956 and Regulations framed there under with regard to dematerialization/rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company;
3. Securities and Exchange Board of India (Substantial Acquisition of Share and Takeovers) Regulations, 2011;
4. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and
5. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
6. The Company has not bought back and not issued any shares.

III. We further report that:

1. Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements;
2. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year ending on 31st March, 2013;
3. CEO/CFO of the Company has certified the specified matters to the Board and Audit Committee, as required under clause 49 of the Listing Agreement.
4. Observed the Secretarial Standards issued by the Institute of Company Secretaries of India although recommendatory in nature; and
5. There was no prosecution initiated against or show cause notice received by the Company and no fines or any other punishment was imposed on the Company, its Directors and Officers during the FY 2012-13 for any offences under the Act.

For Agarwal S. & Associates
Company Secretaries

Sachin Agarwal
Proprietor
CP No. 5910

Place : New Delhi
Date : May 16 , 2013

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ANNEXURE - E

ANNEXURE TO THE DIRECTORS' REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

1. **Waste heat recovery from GTC Exhaust (HRSG):** Recovery of waste heat from exhaust of Gas Turbine Compressor (GTC) at Vaghodia has been carried out by setting up of Waste Heat Recovery Steam Generation system (WHRSG) with an investment of ₹ 62 Crore. It is operational since August, 2012 and leading to generation of super-heated steam to the tune of 52 MT/ Hr which is equivalent to recovery of 3,86,837MWH/annum energy. The approximately revenue generation is ₹15.65Crore/annum.
2. **Feed Gas cooling from Cold generated due to pressure reduction of RLNG:** A scheme has been developed to utilize the cold generated due to pressure reduction of RLNG supplied to South Gujarat pipeline, for cooling of feed gas supplied to GPU Vaghodia with an investment of approx ₹ 2.35 Crore. This scheme is resulting in saving of approximately 5,600 MWH/annum energy required through conventional mode of refrigeration and resulting in additional recovery of 1,340 MTPA of LPG equivalents to ₹1.94 Crore.
3. **Switching over of CCVT power to Grid/solar Power:** CCVT installed at remote RR stations to ensure reliable electrical power supply are less efficient source of power supply. Accordingly, CCVT/TEG has been replaced by Grid/Solar supply at some of RR/SV station in HVJ where reliable power is available. This has resulted in saving of around ₹ 63 Lac in addition to reduced carbon foot print.
4. **Automation of Burner Management System in Hot Oil Heater:** Improved automated Burner management system has been installed in Hot Oil Heaters to replace earlier inefficient burners with manual control at GPU Vaghodia in month of June, 2012 with an investment of around ₹ 84.33 Lac. The new automated Burner management system will result in fuel saving due to stoppage of pilot burner and enhances efficiency due to better Air Fuel Ratio control. It additionally enhances operational safety and environment friendliness. The reduction in fuel gas consumption is 12.79 % which corresponds to energy saving of 2957 MWH/Annum. Monetary benefit is ₹28 Lac/Annum.
5. **Installation of Energy Efficient UPS:** At Dibiyapur Compressor Station old thyrister based UPS having efficiency of 70% is replaced with energy efficient IGBT based UPS having efficiency of ~90%. This will result in saving of around 53200 KWH/annum which corresponds to ₹2.9 Lac.
6. **Modification done in lighting system:** The conventional lighting systems HPMV/T8/GLS are being replaced by more energy efficient T5/ LED lighting systems and automation carried out for outdoor lighting across your Company's installations to achieve energy conservation.
7. **Installation & Commissioning of Mist Cooling System:** Installation & commissioning of a 3,000 m^3/hr capacity Mist Cooling system at Pata with an investment of ₹12.4 Crore has been done to meet the post debottlenecking increased cooling requirement of certain heat exchangers of GCU.
8. **Modification in Pata Nitrogen Plant:**

 Modification has been carried out in Pata Nitrogen plant to reduce the frequency of de-riming. The implementation of this project has resulted in annual savings of 448560 KWh of precious electrical energy which translates into ₹ 22.43 Lac annual savings. It has also reduced De-riming frequency from earlier eight to three times per year and saving equivalent production loss of 900 MT of Liquid Nitrogen.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

1. **Blinding of HRSG-1/2 duct to stop seal air fan at Pata:** Seal air fans have been provided there for sealing of the gate of FD fan. As HRSG is running in GT -Mode and running in FD fan mode is highly unlikely, it is proposed to blind the duct of FD Fan, so that there is no requirement for running of seal air fans & fans will be stopped. This modification will be done in forth coming shutdown. The expected saving will be ₹13.26 Lac per annum.
2. **Implementation of Automatic blow down system in HRSG-2 at Pata:** An automatic blow down system will be implemented in HRSG-2 of GPU plant to switch over from manual blow down to automatic blow down, which will result in reduction of blow down quantity due to better control of TDS level in steam drum water. The expected monetary savings due to this modification will be around ₹18.00 Lac per annum.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Energy conservation measures taken so far have resulted in an improvement in energy efficiency as detailed at (a) and (b) above

(d) Total energy consumption and energy consumption per unit of production

As per **Form A** annexed.

B. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption

As per **Form B** annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans

There had been no exports during 2012-13. However, your Company is planning to export polymers for 2013-14 for development of foreign markets like Pakistan, Bangladesh, Myanmar, Nepal etc. in anticipation of availability of greater volumes from next year onwards.

(g) Total foreign exchange used and earned

During the year, foreign exchange earnings were ₹ 32.02 Crore. Expenditure in foreign currency was ₹1708.92 Crore.

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FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	2012-13	2011-12
1. ELECTRICITY		
a. Purchased		
Unit (KWH)*	31,60,93,396.56	32,32,31,115.22
Total Amount (₹ in lacs)	18,339.70	15,638.48
Rate/Unit (₹/KWH)	5.80	4.84
b. Own Generation		
(i) Through Diesel Generator		
Unit (KWH)	8,61,259.55	7,49,766.00
Units per liter of Diesel Oil (KWH/Litres)	2.70	2.65
Cost/Unit (₹/KWH)	17.75	16.92
(ii) Through Steam/Gas Turbine/Generator		
Units (KWH)	19,61,98,159.00	20,53,38,676.00
Unit per 1000 SCM of Gas (KWH/1000 SCM)	2,891.02	2,683.32
Cost/Unit	5.54	4.73
2. COAL	**NIL**	**NIL**
Quantity (tonnes)		
Total cost		
Average rate		
3. FURNACE OIL	**NIL**	**NIL**
Quantity (K. ltrs.)		
Total amount		
Average rate		
4. OTHERS/INTERNAL GENERATION		
Natural Gas Consumption (SCM / Year)	26,74,296.00	34,04,830.00
Total Amount (₹ in lacs)	306.24	409.63
Cost of natural gas / SCM (₹/ SCM)	11.45	12.03

B. CONSUMPTION PER UNIT OF PRODUCTION

	2012-13	2011-12
ETHYLENE		
Production (MT)	4,48,534	4,57,080
Electricity (KWH/MT)	54.79	57.48
Furnace Oil	Nil	Nil
Coal Nil Nil		
Others - Fuel Gas (MT/MT)	0.252	0.258
- Steam (MT/MT)	0.95	1.030
HDPE & Low Polymers		
Production (MT)	2,30,616	2,23,347
Electricity (KWh/MT)	327.07	338.87
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Steam (MT/MT)	0.7794	0.70
LLDPE & Polymer Shreds		
Production (MT)	2,10,386	2,22,637
Electricity (KWh/MT)	246.678	239.97
Furnace Oil	Nil	Nil
Coal Nil Nil		
Others - Fuel Gas (MT/MT)	0.0376	0.036
- Steam (MT/MT)	0.670	0.75

Note:-
Actual figures have been noted for Total Polymer which includes
1. HDPE production-HDPE Pellet, low polymer wax and poly lumps for HDPE-I &II
2. LLDPE production -LLDPE pellets + Polymer shreds

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FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

1. Specific areas in which R&D carried out by the Company

a. Setting-up a unique first-of-its-kind Pilot Project for extraction of Land Fill Gas (LFG) from an un-scientifically managed landfill site in Delhi. Subsequently, the LFG shall be purified for use as CNG.

b. Bench-scale study on continuous phase operation for conversion of Plastic Waste to hydrocarbons.

c. Development of novel Nano-Composite materials for Hydrogen storage.

d. Development of light-weight Composite Cylinders for storage of CNG.

e. Development of new polymer grade

f. 2D and 3D Seismic data processing and interpretation, unconventional resource exploration and exploitation, formation evaluation & field studies, oil and gas production, oil & gas field development etc. in E&P blocks where your Company has participating interest.

2. Benefits derived as a result of the above R&D

a. The extraction and flaring of LFG shall help to reduce the emissions of methane that has a global warming potential of 21 times of CO2. The purification of LFG to CNG shall provide a source of fuel from waste.

b. It shall help in proper disposal of waste plastics by improving its economic value and also generate fuel from the same.

c. It would help to reduce the storage pressure of Hydrogen and would be a step towards commercialization of 'Hydrogen as fuel' in the future.

d. Light-weight cylinders shall help to improve the utilization of natural gas in vehicles.

e. The new polymer grade is for manufacture of drip irrigation pipes and has helped your Company to enter a niche market.

f. To improve the prospects of discovery during drilling.

3. Future plan of action

a. Many new R&D projects in the company's' business areas like Natural Gas Transportation & storage fuel sales nano composit,CO_2 and unconventional energy utilization etc. are being pursued at various Engineering Institutes / Laboratories.

b. Setting-up of Pilot Project on 'Waste Plastics to Hydrocarbons' for validating the bench-scale results for eventual commercial-scale operations.

c. Setting-up of Pilot Project on Underground Coal Gasification (UCG) to recover energy from un-mineable high ash content coal / lignite in an economic and environmentally benign manner.

d. Development of Solid Oxide Fuel Cell under the New Millennium Indian Technology Leadership Initiative of CSIR.

4. Expenditure on R&D

a.	Capital	:	₹ 32.14 crore (*)
b.	Recurring	:	₹ 18.56 crore(**)
c.	Total	:	₹ 50.70 crore
d.	Total R&D expenditure as a percentage of total turnover	:	0.11%
	(Turnover 2012-13 : ₹ 47,333 crore)		

(*) This amount includes an expenditure of ₹ 7.16 Crore towards R&D in E&P as per DPE Guidelines.

(**) This amount includes an expenditure of ₹ 5.65 Crore towards R&D in E&P as per DPE Guidelines.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

a. Upgradation of PLC and DCS system in LPG Train-12 of GPU Vijaipur

Obsolete models of PLC and DCS of Train-12 of GPU Vijaipur were replaced with new advance versions of these systems.

b. Upgradation of Rail and Truck loading control system at GPU Vijaipur

Rail and Truck loading control system based on PD meter system were replaced with more reliable and accurate mass flow meter based control system.

c. Installation of LPG Vapor Recovery Compressor

GPU Vijaipur has total eight number of LPG storage Horton Spheres (A to H) with the capacity of 1000 MT each. As per the statutory requirement of PESO, the inspection of these LPG spheres is carried out at an interval of every five years. For the inspection, spheres are isolated, emptied out, depressurized, and purged before being handed over to Maintenance department for Hydro test and other inspections.

For depressurization of the LPG Spheres, the LPG vapors left out in the spheres after liquid emptying out were used to be vented to flare, however after installation of LPG vapour recovery compressor, LPG Vapours are now compressed and sent to vapour balance line of LPG spheres.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

a. Upgradation of PLC and DCS system in LPG Train-12 of GPU Vijaipur

1) *Quick and Accurate Diagnosis:* Sequence of Event -SOE scan time is better than 10milliseconds in the present PLC system and hence cause of plant trip can immediately be identified.

2) *Fast Troubleshooting:* Quick and accurate diagnosis of reason of plant trip helps in troubleshooting in very short time.

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Shri B.C. Tripathi, CMD, GAIL at Dominion Cove Jetty, USA

3) *Reliability:* System is Redundant and Chances of spurious plant trips are reduced.

4) *Power Saving:* New versions of the control systems are energy efficient and run on low power consumption.

b. Upgradation of RAIL and Truck loading control system at GPU Vijaipur

1) *More Reliable:* Mass Flow Meter based system is more reliable in terms of accuracy and maintenance.

2) *Less downtime:* Availability of system is increased due to its reliability.

3) *Accuracy:* Wagon/ Tanker Filling with mass flow meter based system are more accurate ensuring filling of Wagon/Tanker up to the safe filling level accurately resulting in correct loading by minimizing overfilling/under filling and thus improving safety.

4) *Low maintenance:* The system is prone to less wear and tear as no rotating parts is involved in the system hence less maintenance is required.

c. Installation of LPG Vapor recovery compressor

With the installation of Portable LPG vapour Recovery Compressor, recovery of LPG vapours from isolated sphere is done. With this measure even based on very conservative estimate. Saving of LPG per Horton sphere was approximately 15 MT. Since, a total of 05 No's LPG Spheres have been inspected in FY 2012-13, hence the total LPG saving from this measure is approximately 75 MT of LPG.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

a. Technology imported : i. Ethylene Cracker Technology, from Shaw Energy & Chemicals International Inc. (now Technip Stone & Webster Process Technology), USA for GAIL Petrochemical Complex II at Pata for addition of 450 KTA ethylene capacity.

ii. LLDPE/HDPE Swing Technology, from Univation Technologies, USA for GAIL Petrochemical Complex II at Pata for addition of 400 KTA polyethylene capacity

iii. Butene-1 Technology, from Axens (IFP Group Technologies), France for GAIL Petrochemical Complex II at Pata for addition of 20000 TA Butene-1 production capacity

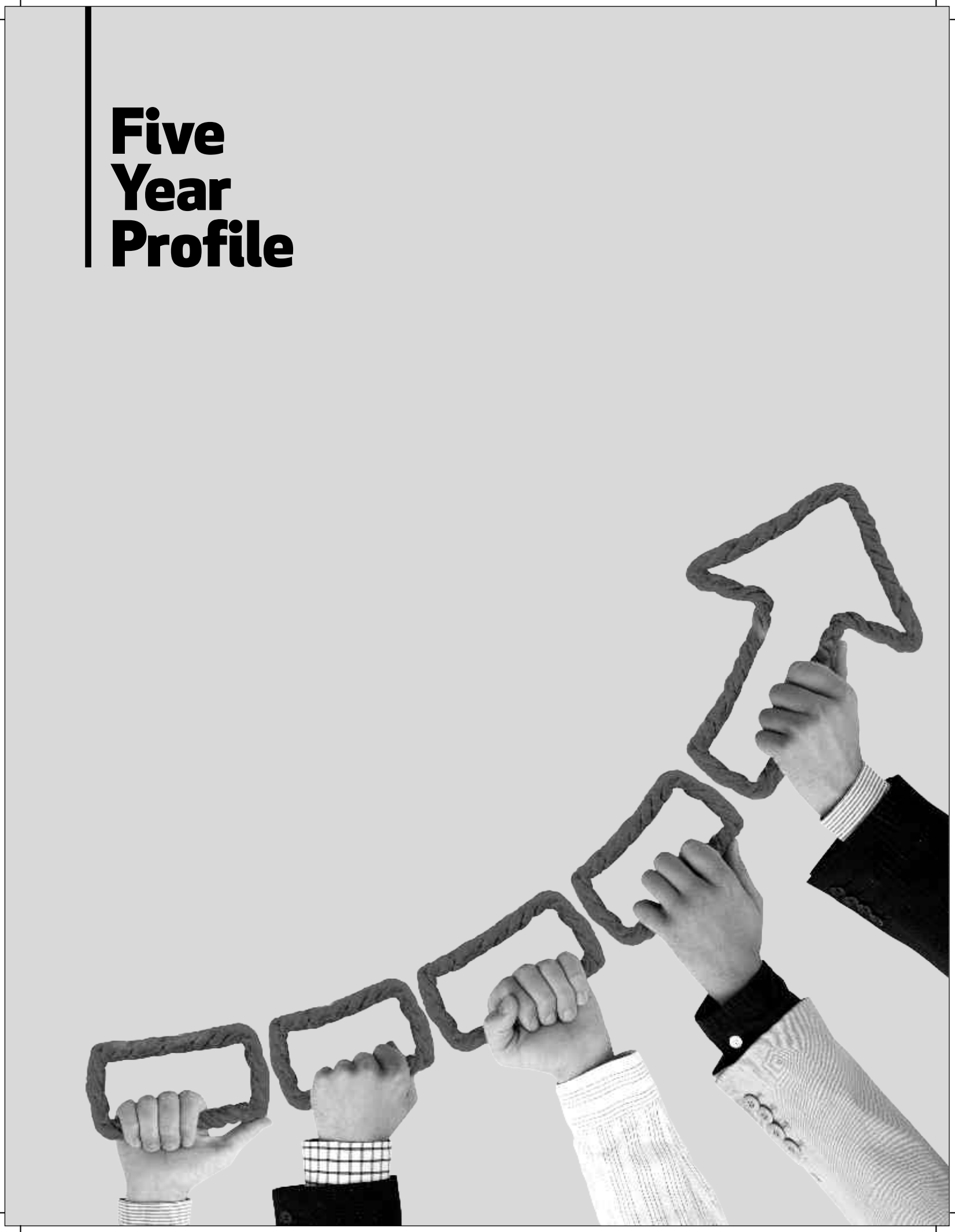
b. Year of import : 2010 for (a)(i) & (a)(ii) and 2011 for (a)(iii)

c. Has technology been fully absorbed? : Inprocess

d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : N.A.

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Five Year Profile

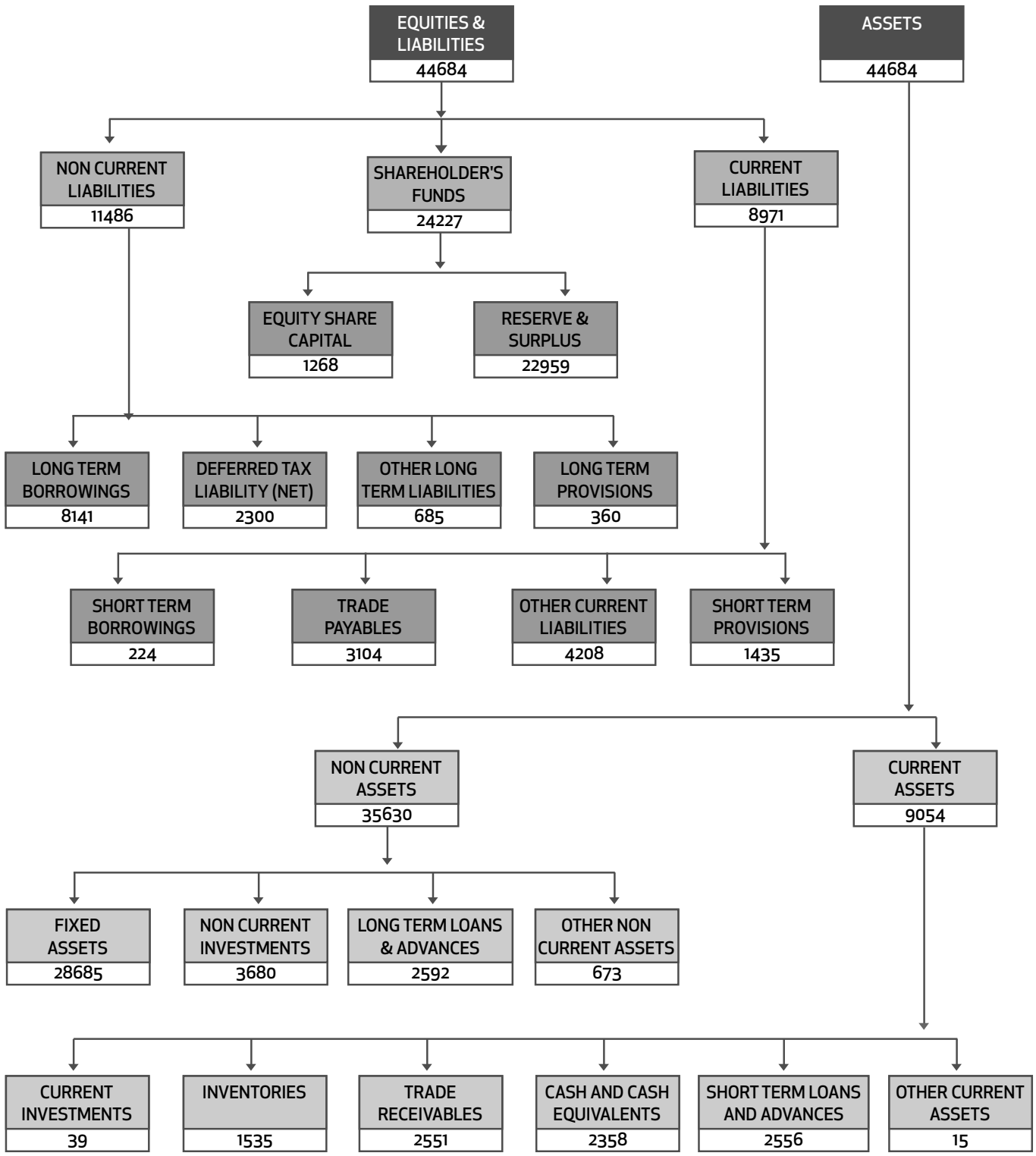


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STATEMENT OF ASSETS AND LIABITIES

(₹ in Crores)

AS AT 31ST MARCH 2013



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FIVE YEAR PROFILE (STAND ALONE)

(A) FINANCIAL

(₹. in Crores)

	2008-09	2009-10	2010-11	2011-12	2012-13
PAID-UP CAPITAL	1,268.48	1,268.48	1,268.48	1,268.48	1,268.48
RESERVES & SURPLUS	13,501.15	15,530.52	17,984.86	20,357.35	22,959.32
SECURED LOANS	1,100.00	1,446.00	2,310.00	3,023.50	4,106.00
UNSECURED LOANS	100.13	34.38	-	2,323.35	4,957.50
DEFERRED TAX LIABILITY (NET)	1,325.93	1,389.56	1,633.24	1,768.64	2,300.06
	17,295.69	**19,668.94**	**23,196.58**	**28,741.32**	**35,591.36**
REPRESENTED BY :					
GROSS BLOCK	**17,603.98**	**21,037.67**	**22,144.38**	**26,306.63**	**31,148.97**
LESS : DEPRECIATION	8,553.66	9,106.57	9,740.81	10,449.01	11,441.52
NET FIXED ASSETS	**9,050.32**	**11,931.10**	**12,403.57**	**15,857.62**	**19,707.45**
CAPITAL WORK-IN-PROGRESS	2,426.33	2,330.49	5,879.17	8,241.76	9,118.99
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	1,737.27	2,073.03	2,582.52	3,548.93	3,955.15
NET CURRENT ASSETS	**4,081.77**	**3,334.32**	**2,331.32**	**1,093.01**	**2,809.77**
	17,295.69	**19,668.94**	**23,196.58**	**28,741.32**	**35,591.36**
GROSS SALES	24,414.67	25,375.80	32,907.09	40,821.79	48,005.27
GROSS MARGIN	4,850.92	5,210.37	5,973.10	6,247.18	7,233.73
DEPRECIATION	559.90	561.90	650.25	790.71	980.94
INTEREST	87.00	70.00	82.86	116.46	195.02
PROFIT/(LOSS) BEFORE TAX	4,204.02	4,578.47	5,239.99	5,340.01	6,057.77
PROFIT/(LOSS) AFTER TAX	2,803.70	3,139.84	3,561.13	3,653.84	4,022.20
DIVIDEND INCLUDING INTERIM DIVIDEND	887.93	951.36	951.36	1,103.57	1,217.74
CORPORATE DIVIDEND TAX	150.90	158.99	155.32	179.02	203.03
INTERNAL GENERATION	3,363.60	3,701.74	4,211.38	4,444.55	5,003.14
NET WORTH	14,575.12	16,607.48	19,054.12	21,449.44	24,038.17
CAPITAL EMPLOYED IINCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	17,295.69	19,668.94	23,196.58	28,741.32	35,591.36

(B) GAS THROUGHPUT/PRODUCTION

	2008-09	2009-10	2010-11	2011-12	2012-13
NATRUAL GAS (MMSCMD)	83.29	106.73	117.91	117.62	104.90
LPG (M / T)	1087986	1099554	1068156	1124341	1077866
SBP SOLVENT/NAPTHA (M / T)	101493	102479	111140	144165	147988
PENTANE (M / T)	58392	58551	34523	23144	20739
PROPANE (M / T)	152671	179274	155152	146015	129570
ETHYLENE (M / T)	431580	429992	428444	457080	448534
HDPE/LLDPE (M/T)	420108	417147	416396	446041	441051

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(C) FINANCIAL RATIOS

	2008-09	2009-10	2010-11	2011-12	2012-13
NET WORTH PER RUPEE OF PAID-UP CAPITAL (₹)	11.49	13.09	15.02	16.91	18.95
BORROWINGS TO NET WORTH (₹)	0.08	0.09	0.12	0.25	0.38
PROFIT BEFORE TAX TO CAPITAL EMPLOYED (%)	24.31	23.28	22.59	18.58	17.02
PROFIT BEFORE TAX TO NET WORTH (%)	28.84	27.57	27.50	24.90	25.20
PROFIT BEFORE TAX TO GROSS SALES (%)	17.22	18.04	15.92	13.08	12.62
PROFIT BEFORE TAX TO GROSS FIXED ASSETS (%)	23.88	21.76	23.66	20.30	19.45
GROSS SALES TO CAPITAL EMPLOYED (%)	141.16	129.01	141.86	142.03	134.88
EARNING PER SHARE (₹)	22.10	24.75	28.07	28.80	31.71
DIVIDEND PER SHARE (₹)	7.00	7.50	7.50	8.70	9.60
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	37.05	35.36	31.08	35.10	35.32

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FIVE YEAR FINANCIAL PROFILE CONVERTED IN US$# (STAND ALONE)

(In US$ Million)

	2008-09	2009-10	2010-11	2011-12	2012-13
PAID-UP CAPITAL	246	278	280	246	231
RESERVES & SURPLUS	2,619	3,401	3,976	3,943	4,175
SECURED LOANS	213	317	511	586	747
UNSECURED LOANS	19	8	-	450	902
DEFERRED TAX LIABILITY (NET)	257	304	361	343	418
TOTAL	**3,355**	**4,307**	**5,129**	**5,567**	**6,472**
REPRESENTED BY :					
GROSS BLOCK	**3,415**	**4,606**	**4,896**	**5,095**	**5,664**
LESS : DEPRECIATION	1,659	1,994	2,154	2,024	2,081
NET FIXED ASSETS	**1,756**	**2,612**	**2,742**	**3,071**	**3,584**
CAPITAL WORK-IN-PROGRESS	471	510	1,300	1,596	1,658
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	337	454	571	687	719
NET CURRENT ASSETS	**792**	**730**	**515**	**212**	**511**
TOTAL	**3,355**	**4,307**	**5,129**	**5,567**	**6,472**
GROSS SALES	4,736	5,556	7,276	7,907	8,730
GROSS MARGIN	941	1,141	1,321	1,210	1,315
DEPRECIATION	109	123	144	153	178
INTEREST	17	15	18	23	35
PROFIT/(LOSS) BEFORE TAX	816	1,003	1,159	1,034	1,102
PROFIT/(LOSS) AFTER TAX	544	688	787	708	731
DIVIDEND INCL. INTERIM DIVIDEND	172	208	210	214	221
CORPORATE DIVIDEND TAX	29	35	34	35	37
INTERNAL GENERATION	652	811	931	861	910
NET WORTH	2,827	3,636	4,213	4,154	4,371
CAPITAL EMPLOYED INCLUDING ASSETS	3,355	4,307	5,129	5,567	6,472
UNDER CONSTRUCTION & INVESTMENTS					
# INR Converted in US$ at the exchange rate prevalent on 31st March of respective financial year	51.55	45.67	45.23	51.63	54.99

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FIVE YEAR PROFILE (CONSOLIDATED)

(A) FINANCIAL (₹. in Crores)

	2008-09	2009-10	2010-11	2011-12	2012-13
PAID-UP CAPITAL	1,268.48	1,268.48	1,268.48	1,268.48	1,268.48
RESERVES & SURPLUS	14,132.39	16,541.47	19,945.39	23,646.05	27,526.18
SECURED LOANS	3,699.75	4,999.36	6,263.97	7,664.76	9,031.57
UNSECURED LOANS	124.46	413.81	640.13	3,840.87	7,440.75
MINORITY INTEREST	166.68	230.22	547.19	981.99	1,456.62
DEFERRED TAX LIABILITY (NET)	1,392.52	1,465.04	1,715.12	1,864.99	2,426.49
	20,784.28	**24,918.38**	**30,380.28**	**39,267.14**	**49,150.09**
REPRESENTED BY :					
GROSS BLOCK	20,106.04	25,164.03	26,605.14	31,769.19	37,244.72
LESS : DEPRECIATION	8,987.41	9,833.61	10,642.94	11,611.93	12,941.32
NET FIXED ASSETS	**11,118.63**	**15,330.42**	**15,962.20**	**20,157.26**	**24,303.40**
CAPITAL WORK-IN-PROGRESS	4,187.89	4,881.84	10,636.79	15,578.49	19,894.30
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	1,025.65	1,065.13	1,236.25	1,284.06	1,359.22
NET CURRENT ASSETS	**4,452.11**	**3,640.99**	**2,545.04**	**2,247.33**	**3,593.17**
MISCELLANEOUS EXPENDITURE	-	-	-	-	-
	20,784.28	**24,918.38**	**30,380.28**	**39,267.14**	**49,150.09**
GROSS SALES	25,357.74	27,487.02	35,665.34	44,736.73	51,737.86
GROSS MARGIN	5,232.82	6,032.36	7,064.79	7,776.94	8,329.06
DEPRECIATION	718.35	823.43	887.98	1,055.67	1,333.90
PRELIMINARY/DEFERRED REVENUE EXPENSES WRITTEN-OFF	2.28	-	-	-	-
INTEREST	231.21	385.34	377.86	366.43	437.31
PROFIT/(LOSS) BEFORE TAX	4,280.98	4,823.59	5,798.95	6,354.84	6,557.85
PROFIT/(LOSS) AFTER TAX (GROUP)	2,826.35	3,327.83	4,020.97	4,443.61	4,373.60
DIVIDEND INCL. INTERIM DIVIDEND	887.93	951.36	951.36	1,103.57	1,217.74
CORPORATE DIVIDEND TAX	150.90	158.99	155.32	179.02	203.03
INTERNAL GENERATION	3,546.98	4,151.26	4,908.95	5,499.28	5,707.50
NET WORTH	15,109.61	17,300.27	20,130.17	23,237.35	26,006.58
CAPITAL EMPLOYED IINCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	20,784.28	24,918.38	30,380.28	39,267.14	49,150.09

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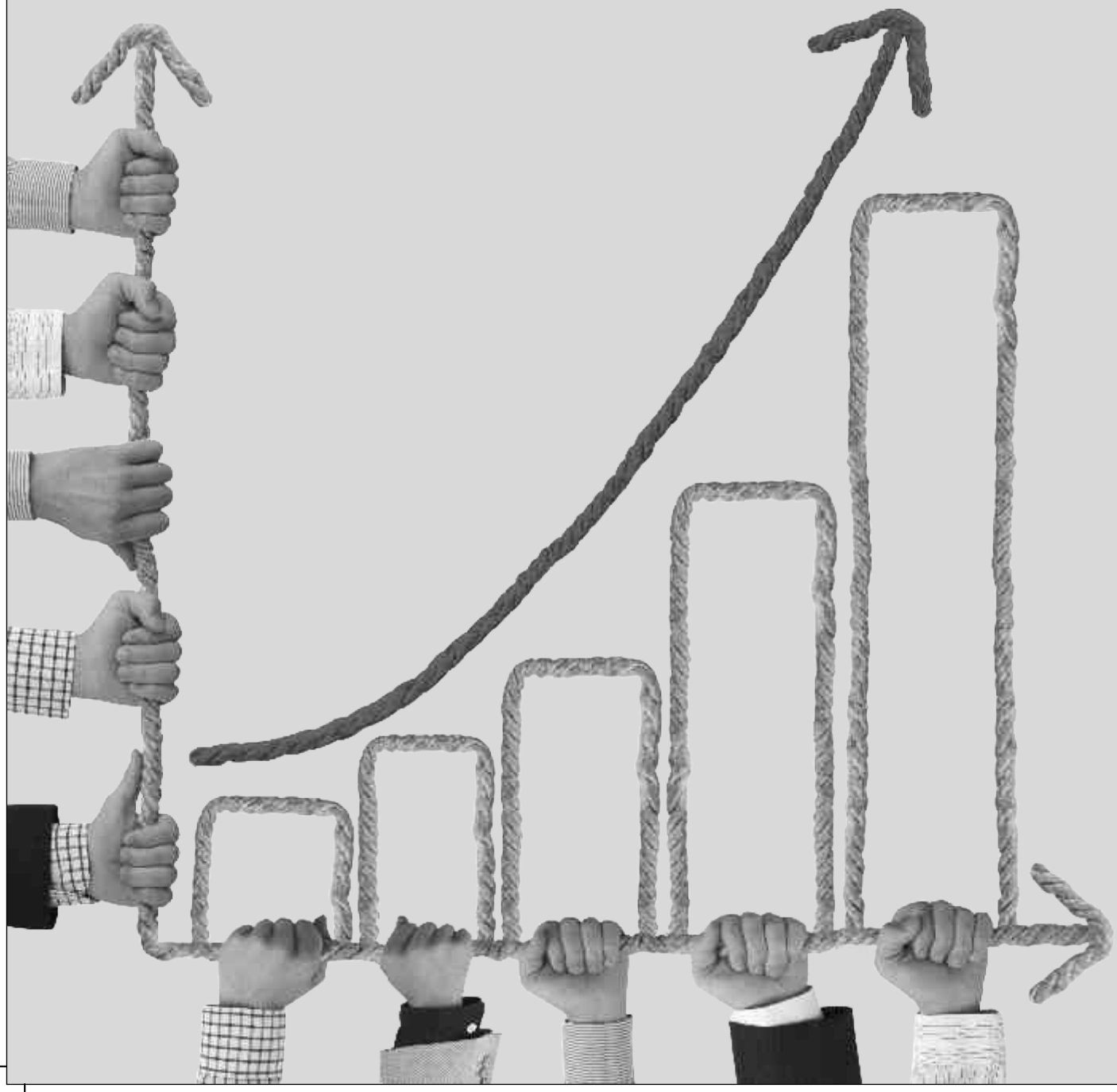
FIVE YEAR FINANCIAL PROFILE CONVERTED IN US$ # (CONSOLIDATED)

(In US$ Millions)

	2008-09	2009-10	2010-11	2011-12	2012-13
PAID-UP CAPITAL	246	278	280	246	231
RESERVES & SURPLUS	2,741	3,622	4,410	4,580	5,006
SECURED LOANS	718	1,095	1,385	1,485	1,642
UNSECURED LOANS	24	91	142	744	1,353
MINORITY INTEREST	32	50	121	190	265
DEFERRED TAX LIABILITY (NET)	270	321	379	361	441
TOTAL	**4,032**	**5,456**	**6,717**	**7,605**	**8,938**
REPRESENTED BY :					
GROSS BLOCK	**3,900**	**5,510**	**5,882**	**6,153**	**6,773**
LESS : DEPRECIATION	1,743	2,153	2,353	2,249	2,353
NET FIXED ASSETS	2,157	3,357	3,529	3,904	4,420
CAPITAL WORK-IN-PROGRESS	812	1,069	2,352	3,017	3,618
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	199	233	273	249	247
NET CURRENT ASSETS	864	797	563	435	653
MISCELLANEOUS EXPENDITURE	-	-	-	-	-
TOTAL	**4,032**	**5,456**	**6,717**	**7,605**	**8,938**
GROSS SALES	4,919	6,019	7,885	8,665	9,409
GROSS MARGIN	1,015	1,321	1,562	1,506	1,515
DEPRECIATION	139	180	196	204	243
PRELIMINARY/DEFERRED REVENUE EXPENSES WRITTEN-OFF	0	-	-	-	-
INTEREST	45	84	84	71	80
PROFIT/(LOSS) BEFORE TAX	830	1,056	1,282	1,231	1,193
PROFIT/(LOSS) AFTER TAX (GROUP)	548	729	889	861	795
DIVIDEND INCL. INTERIM DIVIDEND	172	208	210	214	221
CORPORATE DIVIDEND TAX	29	35	34	35	37
INTERNAL GENERATION	688	909	1,085	1,065	1,038
NET WORTH	2,931	3,788	4,451	4,501	4,729
CAPITAL EMPLOYED INCLUDING ASSETS	4,032	5,456	6,717	7,605	8,938
UNDER CONSTRUCTION & INVESTMENTS					
# INR Converted in US$ at the exchange rate prevalent on 31st March of respective financial year	**51.55**	**45.67**	**45.23**	**51.63**	**54.99**

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INDEPENDENT AUDITOR'S REPORT

To the Members of GAIL(India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GAIL(India) Limited, which comprise the Balance Sheet as at March 31,2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A)of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

 a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

 b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

 c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

 d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;

 e) Being a government Company, pursuant to the Notification No. GSR 829 (E) dated 21st October 2003 issued by Department of Company Affairs, provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the company.

 f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act,1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company

For **M.L.Puri& Co.**
Chartered Accountants
Firm No.: 002312N

(Navin Bansal)
(Partner)
Membership No.:91922

For **Rasool Singhal & Co.**
Chartered Accountants
Firm No.: 500015N

(Sandeep Gupta)
(Partner)
Membership No.:413890

Place : New Delhi
Dated : May 28, 2013

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ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in the auditor's report to the shareholders of GAIL (India) Limited for the year ended March 31, 2013. We report that:

(i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanation given to us, there is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

In our opinion, there was no substantial disposal of fixed assets during the year.

(ii) The inventories have been physically verified at reasonable intervals by the Management, except the stores & spares lying with Engineers India Ltd. and other contractors. We have been explained that the stock of gas at the end of the year has been taken with reference to reading of Turbine Flow Meter/Gas Chromatograph installed at Terminals, Stock of LPG/Pentane/SBP Solvent are determined with reference to Tank Level Gauge measurement which are converted into tonnage by measurement of density and applying correction factor for temperature. LPG vap our volume is converted to tonnage by standard formulae.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of inventories as compared to the books and records.

(iii) (a) The Company has granted loans to its one subsidiary company (None of the Directors individually or collectively hold more than two per cent of the paid-up share capital). The Company has maintained the register under section 301 of the Companies Act, 1956, inter-alia, in which the name of said one subsidiary is also entered. The maximum amount involved during the year for ₹ 57.32crores and year-end balance of loan was ₹ 55.60crores.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.

(c) The party has repaid the principal amounts as stipulated and has also been regular in the payment of interest to the company.

(d) There is no overdue amount in excess of ₹ 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The company had not taken loan from companies covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion, and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services.

(v) On the basis of our examination of books of accounts, and as per information and explanation given to us, the company has not made any transactions in respect of any party during the financial year that needs to be entered in the register pursuant to the section 301 of the Companies Act, 1956.

(vi) The company has not accepted any deposits from the public during the year covered under section 58A and 58AA or any other relevant provision of the Companies Act, 1956.

(vii) In our opinion, the company's internal audit system is commensurate with its size and nature of its activities.

(viii) We have broadly reviewed the books of Accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained.

(ix) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Sales tax, Service Tax, Custom duty, Excise duty and other statutory dues were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) As certified by the Management on which we have relied upon, the dues of Excise Duty, Custom Duty, Entry Tax, Sales Tax and other Taxes which have not been deposited on account of disputes and the forum where the dispute is pending, are given below:

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List of Cases of Unpaid Disputed Demand under various Statutes as on 31.03.2013

(₹ In Crores)

Sl. No.	Statute		Subject Matter of Dispute	Amount (2012-13)	Period of Dispute	Status - Forum
1	Entry Tax	(a)	Demand of Entry Tax on Natural Gas in U.P.	159.17	1999-00 to 2009-10	Allahabad High Court, Trade tax Tribunal & Additional / Joint Commissioner (Appeals)
		(b)	Demand of Entry Tax on Natural Gas in Rajasthan	0.82	2005-06	Dy. Commissioner (Appeals), Ajmer
		(c)	Demand of Entry Tax on Natural Gas in Madhya Pradesh	26.00	2008-09, 2009-10 & 2010-11	High Court, Gwalior & Tribunal, Bhopal
2	Sales Tax	(a)	Non-acceptance of declaration form for concessional sales tax	0.61	1995-96 & 1996-97	Additional Commissioner (Appeals), Commerical Tax, Gwalior
		(b)	Sales Tax demand as per assessment order of 2005-06 and 2006-07	3.66	2005-06 & 2006-07	Additional Commissioner (Appeals) Noida
		(c)	CST demand on Transmission charges	0.70	2005-06 to 2009 - 10	AP High Court
		(d)	Demand of GVAT & CST on account of disallowance of LPG subsidy discount and treating LPG as non-domestic	81.18	2006-2007	Joint Commissioner (Appeals)
		(e)	Interest for delay for sales tax assessment	0.51	2003-2004	Dy. Commissioner, Sales Tax, Mumbai
		(f)	Demand of VAT on account of rate change	0.29	Oct 2011 to Dec 2011	Joint Commissioner, Trichy
		(g)	Demand of MP VAT & CST Disallowance of credit note for LPG subsidy discount	207.97	2008-09 to 2010-11	High Court, Gwalior
		(h)	Demand for treating CST sale as local sale	0.15	2003-2004	High Court, Guwahati
		(i)	Sales Tax demand	0.20	1998-1999	Mumbai Tribunal
		(j)	Revised Sales Tax demand as per assessment order of 2003-04	1.05	2003-04	Joint Commissioner (Appeals), Baroda
3	Excise & Service Tax	(a)	LPG valuation Dispute	16.88	Jan 2001 to Feb 2005	CESTAT Mumbai
		(b)	Dispute on Pentane Classification	99.63	Mar. 2000 to Feb 2002 & Aug.2005 to Jul 2009	CESTAT New Delhi & CESTAT Ahmedabad
		(c)	Dispute on MFO Classification	66.45	July 2004 to March 2011	CESTAT Ahmedabad
		(d)	Demand of duty under Rule 6(3) of CCR, 2004 for credit taken on input services	11.97	2008-2009 & 2009-2010	CESTAT Kolkata
		(e)	Demand of differential service tax based on returns for the period from Oct 06 to Mar 07	0.19	Oct.2006 to March 2007	CESTAT Ahmedabad
		(f)	Demand raised denying refund claim allowed to GAIL for service tax on compression charges	0.47	Sep.2007	CESTAT Ahmedabad

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(₹ In Crores)

Sl. No.	Statute		Subject Matter of Dispute	Amount (2012-13)	Period of Dispute	Status - Forum
		(g)	Demand raised by denying Cenvat & service tax credit taken at Hazira	10.29	May 2005 to March 2011	CESTAT Ahmedabad
		(h)	Demand raised by denying Cenvat credit taken on input services	0.22	Jan. 2006 to Oct. 2009 & Dec. 2010 to March 2011	Commissioner (Appeals), Guwahati & CESTAT Delhi
			SUB-TOTAL	**688.41**		
4	Income Tax		Unpaid demands including interest	68.58	AY- 2003-04, 2004-05, 2006-07, 2007-08 & 2010-11	CIT (Appeals)
5	Other taxes		Notified Area tax & GIDC tax on revised value (incl. interest)	3.63	1985-86 to 2008-09	Ahmedabad High Court
			TOTAL	**760.62**		

(x) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.

(xii) In our opinion, the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. In our opinion, the company has maintained adequate documents and records in respect of such loans.

(xiii) The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order not applicable.

(xiv) According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable.

(xv) The company has given guarantees for loans taken by its subsidiaries from bank and financial institutions. The terms and other conditions, in our opinion, are not prima facie prejudicial to the interest of the company.

(xvi) On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made to us, the term loans taken by the company have been utilized for the purposes for which they are obtained.

(xvii) According to the information and explanation given to us, company has not utilized short-term loan for long-term investment during the year.

(xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debentures during the year.

(xx) During the year no money has been raised by public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **M.L.Puri& Co.**
Chartered Accountants
Firm No.: 002312N

(Navin Bansal)
(Partner)
Membership No.:91922

For **Rasool Singhal & Co.**
Chartered Accountants
Firm No.: 500015N

(Sandeep Gupta)
(Partner)
Membership No.:413890

Place : New Delhi
Dated : May 28, 2013

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Balance Sheet as at 31st March, 2013

(₹. in Crores)

	Note NO.		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
a) Share Capital	2		**1,268.48**	1,268.48
b) Reserves and Surplus	3		**22,959.32**	20,357.35
			24,227.80	**21,625.83**
(2) Non Current Liabilities				
a) Long Term Borrowings	4		**8,140.78**	4,889.35
b) Deferred Tax Liability (Net)	45		**2,300.06**	1,768.64
c) Other Long-term Liabilities	5		**685.07**	276.63
d) Long-term Provisions	6		**359.58**	337.77
			11,485.49	**7,272.39**
(3) Current Liabilities				
a) Short Term Borrowings	7		**223.74**	-
b) Trade Payables	8		**3,103.76**	2,509.93
c) Other Current Liabilities	9		**4,208.12**	3,654.79
d) Short-term Provisions	10		**1,435.28**	1,088.24
			8,970.90	7,252.96
		TOTAL	**44,684.19**	**36,151.18**
II. ASSETS				
(1) **Non-current assets**				
a) Fixed Assets				
(i) Tangible Assets	11		**18,987.55**	15,561.28
(ii) Intangible Assets	11		**719.90**	296.34
(iii) Capital Work in Progress	12		**8,977.82**	7,942.45
			28,685.27	23,800.07
b) Non-current Investments	13		**3,680.05**	2,671.90
c) Long-term loans and advances	14		**2,591.49**	3,174.51
d) Other non-current assets	15		**673.19**	272.11
			35,630.00	**29,918.59**
(2) Current Assets				
a) Current Investments	16		**38.95**	9.59
b) Inventories	17		**1,535.33**	1,419.74
c) Trade receivables	18		**2,551.34**	1,904.48
d) Cash and cash equivalents	19		**2,357.94**	931.33
e) Short-term loans and advances	20		**2,555.86**	1,966.23
f) Other current assets	21		**14.77**	1.22
			9,054.19	6,232.59
		TOTAL	**44,684.19**	**36,151.18**

The accompanying notes 1 to 59 form an integral part of the Financial Statements

For and on behalf of the Board of Directors

N.K.Nagpal	**P.K.Jain**	**R. D. Goyal**	**B. C. Tripathi**
Secretary	Director(Finance)	Director (Projects)	Chairman & Managing Director

As per our separate Report of even date

For **M/S M L Puri & Co.**
Chartered Accountants
Firm No. 02312 N

Navin Bansal
(Partner)
Membership No. 91922

For **M/S Rasool Singhal & Co..**
Chartered Accountants
Firm No. 500015 N

Sandeep Gupta
(Partner)
Membership No. 413890

Place : New Delhi
Dated : May 28, 2013

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Statement of Profit & Loss for the Year ended 31st March , 2013

(₹. in Crores)

	Note NO.	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
I. Revenue from Operations (Gross)	22	**48,195.29**	40,981.81
Less : Excise Duty		**672.60**	541.05
Revenue from Operations (Net)		**47,522.69**	**40,440.76**
II. Other Income	23	**764.51**	648.38
III Total Revenue (I+II)		**48,287.20**	41,089.14
IV Expenses			
Raw Material consumed		**2,968.68**	2,494.10
Purchase of Gas for trading		**33,396.89**	28,440.46
(Increase)/decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	**(56.98)**	(497.75)
Employee benefits expense	25	**785.45**	650.29
Finance Cost	26	**195.02**	116.46
Depreciation and amortization expenses	27	**980.94**	790.71
Other expenses	28	**3,959.43**	3,754.86
Total Expenses		**42,229.43**	35,749.13
V. Profit before Tax		**6,057.77**	**5,340.01**
VI. Tax Expenses			
1. Current Tax			
- Current Year		**1,537.44**	1,428.47
- Earlier Years		**(33.29)**	122.30
2. Deferred Tax		**531.42**	135.40
Total Tax expenses		**2,035.57**	**1,686.17**
VII. Profit after Tax		**4,022.20**	**3,653.84**
Details of Earning Per Equity Share (Face Value ₹.10/-each)			
- Basic		**31.71**	28.80
- Diluted		**31.71**	28.80
Prior Period Adjustments	29		
Expenditure during Construction Period	30		

The accompanying notes 1 to 59 form an integral part of the Financial Statements

There are no exceptional or extraordinary items or discontinuing operations in the above period.

For and on behalf of the Board of Directors

N.K.Nagpal	**P.K.Jain**	**R. D. Goyal**	**B. C. Tripathi**
Secretary	Director(Finance)	Director (Projects)	Chairman & Managing Director

Place : New Delhi
Dated : May 28, 2013

As per our separate Report of even date

For **M/S M L Puri & Co.**
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Chartered Accountants
Firm No. 500015 N

Sandeep Gupta
(Partner)
Membership No. 413890

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Notes to Financial Statements for the year ended 31st March, 2013

1. Summary of Significant Accounting Policies

1.01 Accounting Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

1.02 Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

1.03 Inventories

(i) Stock of LNG and Natural Gas in pipelines is valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

(ii) Raw materials and finished products are valued at weighted average cost or net realizable value, whichever is lower. Finished products include excise duty and royalty wherever applicable.

(iii) Stock in process is valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which these are to be incorporated are expected to be sold at or above the weighted average cost.

(iv) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.

(v) Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower.

(vi) Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.

(vii) Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

1.04 Depreciation / Amortisation

I. Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets)

(i) Assets costing upto ₹5,000/- are depreciated fully in the year of capitalisation.

(ii) Bunk Houses are amortised on assumption of five years life.

(iii) Oil and Gas Pipelines including other related facilities are depreciated @ 3.17% per annum on SLM basis based on useful life of 30 years

(iv) Computers at the residence of the employees are depreciated @ 23.75% per annum on SLM basis. Furniture, Electric Equipments and Mobiles provided for the use of employees are depreciated @ 15% per annum on SLM basis

(v) Cost of the leasehold land not exceeding 99 years is amortised over the lease period

(vi) Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively

(vii) Capital expenditure on the assets (enabling facilities), the ownership of which is not with the Company, is charged off to Revenue.

(viii) Software / Licences are amortised in 5 years on straight line method.

(ix) No depreciation is being charged on ROU being perpetual in nature

(x) After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life

II. Capital assets installed at the consumers premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956.

1.05 Revenue recognition

(i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision.

(ii) Income from Consultancy/Contract Services, if any, is recognized based on Proportionate Completion Method.

(iii) Dividend income is accounted for when the right to receive it is established.

(iv) Claims (including interest on delayed realization from customers) are accounted for, when there is no significant uncertainty that the claims are realizable.

(v) Liability in respect of MGO of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

(vi) Minimum charges relating to transportation of LPG are accounted for on receipt basis.

(vii) Prepaid expenses and prior period expenses/income upto ₹ 5,00,000/- in each case are charged to relevant heads of account of the current year.

1.06 Fixed Assets

(a) Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes & levies wherever applicable. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement

(b) Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, are capitalised with the cost of that fixed asset and are depreciated fully over the remaining useful life of that asset.

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1.07 Intangible Assets

Intangible assets like software, licenses and right-of-use of land including sharing of ROU with other entities which are expected to provide future enduring economic benefits are capitalized as Intangible Assets

1.08 Capital Work in Progress

(a) Crop compensation is accounted for under Capital Work-in-Progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.

(b) The capital work in progress includes material in Transit/ value of materials / equipment / Services, etc. received at site for use in the projects.

(c) Pre-project expenditure relating to Projects which are considered unviable / closed is charged off to Revenue in the year of declaration/closure.

1.09 Expenses Incurred During Construction Period

All revenue expenditure incurred during the year, which is exclusively attributable to acquisition / construction of fixed assets, is transferred to capital work in progress and capitalized at the time of commissioning of such assets.

1.10 Foreign Currency Translation

(i) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.

(ii) Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.

(iii) Non monetary items (such as Investments, Fixed Assets, etc), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).

(iv) Any gains or loss arising on account of exchange difference either on settlement or on translation is adjusted in the Statement of Profit & Loss except in case of long term foreign currency monetary items relating to acquisition of depreciable capital asset in which case they are adjusted to the carrying cost of such assets and in other cases, accumulated in "Foreign Currency Monetary item Translation Difference Account" in the financial statements and amortized over the balance period of such long terms asset or liability, by recognition as income or expenses in each of such period.

(v) In respect of derivative contracts, gain/losses on settlement and losses on re-statement (by marking them to market) at the balance sheet date are recognised in the statement of Profit & Loss.

1.11 Grants

In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to Capital Reserve which is recognised as income in the statement of Profit and Loss over the useful life period of the asset

1.12 Investments

Investments are classified into current and non-current investments. Current investments are stated at lower of cost or market value. Non-current investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

1.13 Employees Benefits

(i) All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.

(ii) The Company's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and debited to statement of Profit and Loss. Further, the company makes provision as per actuarial valuation towards any shortfall in fund assets to meet statutory rate of interest in the future period, to be compensated by the company to the Provident Fund Trust.

(iii) Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absence, post retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Actuarial liability in excess of respective plan assets is recognized during the year.

(iv) Provision for gratuity as per actuarial valuation is funded with a separate trust.

1.14 Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for use after netting off any income earned on temporary investment of such funds

1.15 Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book profit and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset, if any, is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

1.16 R&D Expenditure

All expenditure, other than on capital account, on research and development are debited to statement of Profit and Loss.

1.17 Impairment

The Carrying amount of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal / External factors, an Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

1.18 Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments

(i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 5 Lacs in each case are disclosed by way of notes to accounts except when there is remote possibility of any outflow in settlement.

(ii) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹5 Lacs

1.19 Exploration and Development Costs:-

i) The Company follows Successful Efforts Method for accounting of Oil & Gas

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exploration and production activities, which includes:

a. Survey Costs are recognized as revenue expenditure in the year in which these are incurred.

b. Cost of exploratory wells is carried as 'Exploratory wells in progresses'. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created or is written off in the year when determined to be dry / abandoned.

c. All wells appearing as "exploratory wells in progress" which are more than two years old from the date of completion of drilling are debited to statement of Profits and Loss except those wells which have proved reserves and the development of the fields in which the wells are located has been planned.

ii) Capitalization of Producing Properties

(i) Producing Properties are capitalised when the wells in the area / field are ready to commence commercial production having proved developed oil and gas reserves.

(ii) Cost of Producing Properties includes cost of successful exploratory wells, development wells, initial depreciation of support equipments & facilities and estimated future abandonment cost.

iii) Depletion of Producing Properties

Producing Properties are depleted using the "Unit of Production Method (UOP)". The depletion or unit of production charged for all the capitalized cost is calculated in the ratio of production during the year to the proved developed reserves at the year end.

iv) Production cost of Producing Properties

Company's share of production costs as indicated by Operator consists of pre well head and post well head expenses including depreciation and applicable operating cost of support equipment and facilities.

1.20 OTHERS

(i) Liquidated Damages / Price Reduction Schedule, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages / Price Reduction Schedule, if settled, after capitalization of assets are charged to revenue if below ₹ 50 lacs in each case, otherwise adjusted in the cost of relevant assets.

(ii) Insurance claims are accounted for on the basis of claims admitted by the insurers.

Note 2 : Share Capital

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
AUTHORISED		
200,00,00,000 (Previous Year 200,00,00,000) Equity Shares of ₹ 10/- each	**2,000.00**	2,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
126,84,77,400 (Previous Year : 126,84,77,400) Equity Shares of ₹ 10/- each fully paid up.	**1,268.48**	1,268.48
TOTAL	**1,268.48**	**1,268.48**

a) Details of Shareholders holding more than 5% shares in the company

	31ST MARCH, 2013		31ST MARCH, 2012	
	Numbers	**% Holding**	Numbers	% Holding
Equity shares of Rs.10/- each fully Paid Up				
(I) President of India (Promoter)	**727,405,675**	**57.35%**	727,405,675	57.35%
(ii) Life Insurance Corporation of India	**95,124,727**	**7.49%**	91,927,049	7.25%

b) The Company has only one class of equity shares having a par value ₹10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.

c) 1,32,98,622 shares are held in the form of Global Depository Receipts

d) During the year 2008-09, the company had issued 42,28,25,800 Bonus Equity shares of ₹ 10/- each out of General Reserve.

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Note 3 : Reserves and Surplus **(₹. in Crores)**

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Capital Reserve		
(Grant Received from Danish Govt. for construction of Gas Technology Institute at Noida)		
As per Last financial statements	**1.40**	1.51
Less : Transferred to statement of Profit & Loss	**0.11**	0.11
Closing Balance	**1.29**	1.40
Share Premium Account	**0.27**	0.27
Investment Allowance (Utilised) Reserve		
As per Last financial statements	**-**	17.87
Less : Transferred to General Reserve	**-**	17.87
Closing Balance	**-**	-
Bonds Redemption Reserve		
As per Last financial statements	**173.64**	197.71
Add : Transferred from surplus in the statement of Profit & Loss	**54.57**	30.93
Less : Transfer to surplus in the statement of Profit & Loss	**(55.00)**	(55.00)
Closing Balance	**173.21**	173.64
CSR Reserve		
As per Last financial statements	**-**	-
Add : Transferred from surplus in the statement of Profit & Loss	**13.13**	-
Less : Transfer to surplus in the statement of Profit & Loss	**-**	-
Closing Balance	**13.13**	-
Foreign Currency Monetary Item Translation Difference Account ((Refer note no 34 (b))	**2.00**	1.35
General Reserve		
As per Last financial statements	**3,051.79**	2,668.92
Add : Transferred from Investment Allowance(Utilised) Reserve	**-**	17.87
Add : Transferred from surplus in the statement of Profit & Loss	**402.00**	365.00
Closing Balance	**3,453.79**	3,051.79
Surplus in the Statement of Profit and Loss		
As per Last financial statements	**17,128.90**	15,098.58
Add : Profit for the year as per statement of Profit & Loss	**4,022.20**	3,653.84
Less : Appropriations		
Interim Dividend	**507.39**	380.54
Proposed Final Dividend	**710.35**	723.03
Corporate Dividend Tax	**203.03**	179.02
Transfer from Bond Redemption Reserve	**(55.00)**	(55.00)
Transfer to Bond Redemption Reserve	**54.57**	30.93
Transfer to CSR Reserve	**13.13**	-
General Reserve	**402.00**	365.00
Net surplus after Appropriations	**2,186.73**	2,030.32
	19,315.63	17,128.90
TOTAL	**22,959.32**	20,357.35

a) The company has proposed final dividend for the Financial year 2012-13 @ ₹ 5.60 .Per equity share of ₹ 10/- each (previous year : ₹ 5.70 per equity share)

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Note 4 : Long Term Borrowings

(₹. in Crores)

	Non-current Portion		Current Maturities	
	AS AT 31st March 2013	AS AT 31st March 2012	**AS AT 31st March 2013**	AS AT 31st March 2012
SECURED				
(a) BONDS	**200.00**	300.00	**100.00**	100.00
Bonds Series - I				
(6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8th year upto the end of the 12th year from the deemed date of allotment August 22, 2003.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant and Vadodara plant both present and future and whether installed or not and lying or in store)	**-**	120.00	**120.00**	120.00
Bonds Series - II				
(5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6th year upto the end of the 10th year from the deemed date of allotment March 25, 2004).(Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at LPG, LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)	**500.00**	500.00	**-**	-
Bonds 2010 Series - I				
(8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installment commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year).(Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)	**750.00**	-	**-**	-
Bond series 2012				
(9.14% Secured Non-convertible redeemable Bonds 2012 -Series - I are redeemable in 4 equal installment commencing from the end of the 5th year upto the end of the 8th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5th year). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)				

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(₹. in Crores)

	Non-current Portion		Current Maturities	
	AS AT 31st March 2013	AS AT 31st March 2012	**AS AT 31st March 2013**	AS AT 31st March 2012
(b) TERM LOANS				
From Banks:				
Loan from HDFC Bank (Secured by way of first pari-passu charge on all the movable fixed assets, including whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present and future, whether now lying loose or in cases or which are now lying or stored in or whether in the course of transit or on high seas, of the Dahej - Vijaypur Phase-II Pipeline project of the Borrower) excluding the plant & Machinery of compresor station at Jhabua and Vijaipur) Repayable within a period of 12 years from the date of first disbursement by equal half yearly instalments starting 6 months after the completion of 2 years moratorium period from 05.05.2013.	**675.00**	375.00	**-**	-
From Other Parties:				
Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Chainsa-Jhajjar-Hissar Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possion of borrwer and either by way of substitution or addition). Repayable in four equal instalments after expiary of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2009 to March 2011 with rate of interest from 6.74% to 8.31% p.a. depending on date of disbursement.	**358.50**	596.00	**237.50**	237.50
Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dadri– Bawana--Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery , howsoever or wheresoever in the possession of borrower and either by way of substitution or addition) Repayable in four equal instalments after expiary of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to March 2013 with rate of interest from 8.50% to 8.98% p.a. depending on date of disbursement.	**996.25**	675.00	**168.75**	-
	3,479.75	2,566.00	**626.25**	457.50

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(₹. in Crores)

	Non-current Portion		Current Maturities	
	AS AT 31st March 2013	AS AT 31st March 2012	**AS AT 31st March 2013**	AS AT 31st March 2012
UNSECURED				
TERM LOANS				
From Banks :				
- **Bank of Tokyo Mitsubishi UFJ Ltd.** (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Dec 2015, Dec 2016 & Dec 2017) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread.	**549.90**	516.30	**-**	-
- **Bank of Tokyo Mitsubishi UFJ Ltd.** (Bullet repayment at the end of the 5th year from the last date of 'drawl i.e Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR. plus spread)	**824.85**	774.45	**-**	-
- **Mizuho Corporate Bank** (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Jan 2016, Jan 2017 & Jan 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	**549.90**	516.30	**-**	-
- **Sumitomo Mitsui Banking Corporations** (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Feb 2016, Feb 2017 & Feb 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	**549.90**	516.30	**-**	-
- **Japan bank for International Co-operation(JBIC)** Repayable in 20 half yearly equal Instalments starting from June'2013	**189.34**	-	**31.85**	-
- **Sumitomo Mitsui Banking Corporations** (1/2 repayment at the end of the 5th & 6th year from the last date of drawl i.e Nov 2017, Nov 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	**1,649.70**	-	**-**	-
- **Society General** (Repayment in 20 half yearly equal Instalments starting from 22nd October 2012)	**347.44**	-	**40.88**	-
	4,661.03	2,323.35	**72.73**	-
Total	**8,140.78**	4,889.35	**698.98**	457.50

a) There has been no defaults in repayment of any of the loans or interest thereon during the year.

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Note 5 : Other Long Term Liabilities

(₹. in Crores)

		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Liability for Abandonment Cost (E&P)		**1.13**	1.13
Gas Pool Money (Provisional) ((Refer note no 35 (d))		**584.47**	234.01
Deposits/Retention Money from Contractors and others		**30.06**	5.47
Other Liabilities		**69.41**	36.02
	TOTAL	**685.07**	276.63

Note 6 : Long Term Provisions

(₹. in Crores)

		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Provision for Employee Benefits (refer note no -37)		**359.58**	337.77
	TOTAL	**359.58**	337.77

Note 7 : Short Term Borrowings

(₹. in Crores)

		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Other Loans and Advances			
UNSECURED			
Loan from Royal Bank of Scotland (RBS)		**223.74**	**-**
(repayment at the end of 6 month from date of first drwal ie 14.06.2013) Loan carries floating rate of interest linked to 3 Months EURIBOR plus spread.			
	TOTAL	**223.74**	**-**

a) Loan from RBS represents a Foreign Currency (FC) Bridge Loan as part of long term financing arrangement drawn with the approval of RBI for purchase of Capital Equipment for Petrochemical Expansion Project, to be repaid out of New Long Term FC Loan being finalised

Note 8 : Trade Payables

(₹. in Crores)

		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Trade Payables		**3,103.76**	2,509.93
(includes ₹ 25.78Cr. (Previous Year : ₹ 47.06 Cr.) payable to JV consortium)			
	TOTAL	**3,103.76**	2,509.93

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Note 9 : Other Current Liabilities

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
(a) Current Maturity of Long Term Debt (Refer Note No - 4)		
(i) SECURED :		
- Bonds	**220.00**	220.00
- Term Loans	**406.25**	237.50
(ii) UN-SECURED		
- Society General	**40.88**	-
-Japan bank for International Co-operation(JBIC)	**31.85**	
(b) Interest accrued but not due on Borrowings	**118.27**	35.39
(c) Unpaid / Unclaimed Dividend	**2.68**	2.59
(d) Others Payables :		
(i) Deposits/Retention Money from Contractors and others	**421.63**	490.73
(ii) Gas Pool Money ((Refer Note No - 35 (b))	**598.89**	818.83
(iii) Imbalance & Overrun Charges ((Refer Note No - 35 (c))	**60.28**	31.67
(iv) Others :		
- Statutory Payables	**197.66**	208.23
- Advance from Customers	**226.89**	382.35
- Payable for Capital expenditure	**729.17**	586.46
- Adjustment in pipeline tariff	**650.87**	238.96
- E&P Expenditure payables	**311.20**	171.08
- Employee Benefits payables	**99.35**	107.05
- Other Payables	**92.25**	123.95
TOTAL	**4,208.12**	3,654.79

a) Details in respect of rate of interest and terms of repayment of secured and unsecured current maturities of long term borrowings indicated above are disclosed in note no - 4

b) There is no amount is due for payment to Investor Education and Protection Fund.

Note 10 : Short-term Provisions

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Provision for Employee Benefits (refer note no - 36)	**271.47**	22.12
Others :		
Provision for Proposed Dividend	**710.35**	723.03
Provision for tax on Proposed Dividend	**120.72**	117.29
Provision for Probable Obligations	**332.74**	225.80
TOTAL	**1,435.28**	1,088.24

Note 11 : Fixed Assets (Tangible/Intangible Assets)

(₹ in Crores)

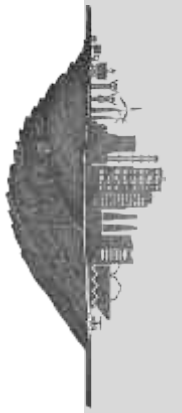
DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT LOSS				NET BLOCK	
	As at 01.04.2012	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2013	Upto 31.3.2012	For the Year	Adjustments during the year	As at 31.03.2013	Upto 31.3.2012	For the Year	Reversed during the year	As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
Tangible Assets (A)														
Land : Freehold	139.75	29.38	-	**169.13**	-	-	-	**-**	-	-	-	**-**	**169.13**	139.75
Leasehold	101.68	64.47	-	**166.15**	10.43	2.08	0.06	**12.57**	-	-	-	**-**	**153.58**	91.25
Building : Office/Others	462.19	96.96	0.13	**559.02**	146.45	13.60	(0.03)	**160.02**	-	-	-	**-**	**399.00**	315.74
Residential	267.25	36.71	0.02	**303.94**	72.53	5.17	(0.01)	**77.69**	-	-	-	**-**	**226.25**	194.72
Bunk Houses	2.16	0.49	0.26	**2.39**	1.80	0.23	(0.20)	**1.83**	-	-	-	**-**	**0.56**	0.36
Plant and Machinery	24,420.80	4,142.34	28.44	**28,534.70**	9,884.44	908.16	19.28	**10,811.88**	1.67	0.38	-	**2.05**	**17,720.77**	14,534.69
Railway Lines & Sidings	5.47	-		**5.47**	5.17	-	-	**5.17**	-	-	-	**-**	**0.30**	0.30
Electrical Equipments	187.08	28.81	1.67	**214.22**	81.76	10.61	(1.19)	**91.18**	0.45	0.01	-	**0.46**	**122.58**	104.87
Furniture and Fixtures	71.09	15.65	1.41	**85.33**	44.77	5.15	(1.13)	**48.79**	-	-	-	**-**	**36.54**	26.32
Office Equipments	194.61	13.47	5.84	**202.24**	103.61	18.11	(4.93)	**116.79**	-	-	-	**-**	**85.45**	91.00
Other Equipments	105.31	15.57	3.51	**117.37**	44.51	9.60	(2.85)	**51.26**	-	-	-	**-**	**66.11**	60.80
Transport Equipments	2.50	0.18	0.04	**2.64**	2.12	0.09	(0.04)	**2.17**	-	-	-	**-**	**0.47**	0.38
E&P Assets														
Producing Property	-	7.10		**7.10**		1.30	-	**1.30**	-	-	-	**-**	**5.80**	-
Support Equipment & Facilities		1.65	-	**1.65**	0.55	0.09	-	**0.64**	-	-	-	**-**	**1.01**	1.10
TOTAL (A)	**25,961.54**	**4,451.13**	**41.32**	**30,371.35**	**10,398.14**	**974.19**	**8.96**	**11,381.29**	**2.12**	**0.39**	**-**	**2.51**	**18,987.55**	**15,561.28**
Intangible Assets (B)														
Right of Use *	258.01	430.17		**688.18**	-	-	-	**-**	-	-	-	**-**	**688.18**	258.01
Softwares / Licences	87.08	2.40	0.04	**89.44**	48.75	9.00	(0.03)	**57.72**	-	-	-	**-**	**31.72**	38.33
Total (B)	**345.09**	**432.57**	**0.04**	**777.62**	**48.75**	**9.00**	**(0.03)**	**57.72**	**- -**	**-**	**-**	**-**	**719.90**	**296.34**
TOTAL (A+B)	**26,306.63**	**4,883.70**	**41.36**	**31,148.97**	**10,446.89**	**983.19**	**8.93**	**11,439.01**	**2.12**	**0.39**	**-**	**2.51**	**19,707.45**	**15,857.62**
Previous Year	22,144.38	4,311.19	148.94	26,306.63	9,740.81	789.37	(83.29)	10,446.89	-	2.12	-	2.12	15,857.62	12,403.57

a) Right of use for laying pipelines is a prepetual right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. However, no amortistion is provided on the same, being perpetual in nature.

b) The borrowing costs capitalised in the fixed assets and capital work-in-progress (CWIP) during the year ended 31st March 2013 is ₹311.24 Crores (Previous year : ₹ 215.14 Crores). Asset wise details of borrowing costs and exchange differences in the cost of major heads of fixed assets through addition / Adjustments column are given below :

(₹ in Crores)

Particulars	For the year ended 31st March 2013 Borrowing Costs	Exchange difference	For the year ended 31st March 2012 Borrowing Costs	Exchange difference
Plant & Machinery	**89.82**	**88.09**	47.03	(1.70)
CWIP	**221.42**	**58.09**	168.11	40.18
TOTAL	**311.24**	**146.18**	215.14	38.48



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Note 12 : Capital Work-in-Progress **(₹. in Crores)**

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
A. Plant & Machinery				
Linepipe Construction and related facilities including Cathodic Protection	**1,034.86**		3,830.83	
Less : Provision for Linepipe and Related Facilities	**10.85**	**1,024.01**	23.66	3,807.17
Despatch/Receiving Terminals		**1.16**		0.92
Compressor Stations		**736.41**		731.72
Telecom/Telesupervisory System		**1.42**		17.58
LPG Pipeline Project		**23.90**		5.22
LPG Projects		**-**		1.90
Petrochemicals		**2,502.39**		650.23
Telecom Project		**0.43**		0.26
Others		**618.57**		401.39
Exploratory Well in Progress	**476.07**		318.68	
Less : Provision for Dry Exploratory Wells	**-**	**476.07**	53.57	265.11
Development Well in Progress		**169.29**		155.39
B. Buildings	**84.91**		33.78	
Less : Provision for abandonment of Building	**-**	**84.91**	-	33.78
C. Linepipes, Capital Items in Stock/Transit	**3,339.51**		1,872.62	
Less : Provision for losses/obsolescence	**0.25**	**3,339.26**	0.84	1,871.78
TOTAL		**8,977.82**		7,942.45

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Note 13 : Non-current Investments **(₹. in Crores)**

	No.of Shares / Bonds / Units Current Year / (Previous Year)	Face Value per Share/ Bond / Unit in (₹) Current Year / (Previous Year)	**AS AT 31ST MARCH, 2013**	AS AT 31ST MARCH, 2012
1. Trade Investments				
Quoted				
(a) Investments in Equity Instruments :-				
(i) In Joint Venture Companies:				
Indraprastha Gas Ltd.	31,500,000	10.00	**31.50**	31.50
	(31,500,000)	(10.00)		
Petronet LNG Ltd.	93,750,000	10.00	**98.75**	98.75
*includes 1,00,00,000 equity shares alloted at a premium of ₹. 5/- per share	(93,750,000)	(10.00)		
			130.25	130.25
(ii) In Associate Company				
China Gas Holding Ltd.China	150,000,000	HK$ 0.01/-	**97.37**	136.32
*acquired at a premium of HK$ 1.148 / share	(210,000,000)	(HK$ 0.01/-)		
			97.37	136.32
(iii) Others				
Gujarat Industries Power Co. Ltd.	570,600	10.00	**0.86**	0.86
*includes 1,90,200 Equity Shares acquired at a premium of ₹.15/- per share)	(570,600)	(10.00)		
ONGC Ltd.	205,601,068	5.00	**556.29**	556.29
*Acquired 3,42,66,845 shares of ₹.10/-each during 1999-2000 at a price of ₹.162.34 per Share, 1,71,33,422 bonus shares of ₹.10/- each received during 2006-07,During the year 2010-11,5,14,00,267 Equity shares of ₹.10/- each were splitted into Equity shares of ₹.5/- each and bonus issue of 1:1 equity shares of ₹.5/- each after split received during 2010-11)	(205,601,068)	(5.00)		
			557.15	557.15
TOTAL QUOTED			**784.77**	823.72
Unquoted				
(a) Investments in Equity Instruments :-				
(i) In Subsidiary Company				
GAIL Global (Singapore) Pte. Ltd. incorporated in Singapore	2,100,000	USD 1/-	**9.64**	9.64
(Wholly Owned subsidiary company)	(2,100,000)	(USD 1/-)		
Brahmaputra Cracker & Polymer Ltd.	740,565,173	10.00	**740.57**	603.09
	(603,085,173)	(10.00)		
GAIL Gas Ltd.	244,351,265	10.00	**244.35**	167.95
	(167,950,000)	(10.00)		
Gail Global USA Inc	36,000,000	USD 1/-	**179.17**	179.17
	(36,000,000)	(USD 1/-)		
			1,173.73	959.85

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Note 13 : Non-current Investments **(₹. in Crores)**

	No.of Shares / Bonds / Units Current Year / (Previous Year)	Face Value per Share/ Bond / Unit in (₹) Current Year / (Previous Year)	**AS AT 31ST MARCH, 2013**	AS AT 31ST MARCH, 2012
(ii) In Joint Venture Companies				
Mahanagar Gas Ltd.	44,450,000	10.00	**44.45**	44.45
	(44,450,000)	(10.00)		
Bhagyanagar Gas Ltd.	12,500	10.00	**0.01**	0.01
	(12,500)	(10.00)		
Central UP Gas Ltd.	15,000,000	10.00	**15.00**	15.00
	(15,000,000)	(10.00)		
Green Gas Ltd.	12,500	10.00	**0.01**	0.01
	(12,500)	(10.00)		
Maharastra Natural Gas Ltd.	22,500,000	10.00	**22.50**	22.50
	(22,500,000)	(10.00)		
Ratnagiri Gas Power Project Ltd	974,308,300	10.00	**974.31**	776.90
	(776,900,000)	(10.00)		
Avantika Gas Ltd.	12,500	10.00	**0.01**	0.01
	(12,500)	(10.00)		
Tripura Natural Gas Company Ltd.	192,000	100.00	**1.92**	0.55
	(55,000)	(100.00)		
ONGC Petro Additions Ltd.	634,440,001	10.00	**634.44**	-
			-	-
			1,692.65	859.43
(iii) In Associate Companies				
Gujrat State Energy Generation Ltd.	20,760,000	10.00	**20.76**	20.76
	(20,760,000)	(10.00)		
Fayum Gas Company registered in Egypt.	19,000	LE 100/-	**8.10**	8.10
	(19,000)	(LE 100/-)		
			28.86	28.86
2.Other Investments (Unquoted - At cost)				
(a) Investments in Equity Instruments :-				
i). Darpan Co-operative Housing Society Ltd., Vadodara (₹.1,500/-).	30	50.00	**-**	-
	(30)	(50.00)		
ii). Ashoka Apartments Co-operative Housing Society Ltd., Vadodara (₹.2,500/-).	50	50.00	**-**	-
	(50)	(50.00)		
iii). Sanand Members Association, Ahmedabad (₹.4,000/-).	400	10.00	**-**	-
	(400)	(10.00)		
iv). Green Field (B) Co-operative Housing Society Ltd., Mumbai (₹.1,750/-)	35	50.00	**-**	-
	(35)	(50.00)		
v). South East Asia Gas Pipeline Ltd.(Registered in Hongkong).	8,347	USD 1/-	**0.04**	0.04
	(8,347)	(USD 1/-)		
			0.04	0.04
TOTAL UNQUOTED			**2,895.28**	1,848.18
TOTAL			**3,680.05**	2,671.90
Aggregate amount of quoted investments				
- Book Value (at cost)			**784.77**	823.72
- Market Value			**9,411.91**	8,814.13

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Note 14 Long term Loans and Advances

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
(a) Capital Advances				
- Unsecured, Considered Good	**141.17**		299.31	
- Unsecured, Considered Doubtful	**1.55**		1.55	
	142.72		300.86	
Less : Provision for Doubtful Advances	**1.55**	**141.17**	1.55	299.31
(b) Security Deposits				
- Unsecured, Considered Good	**120.30**		155.69	
- Unsecured, Considered Doubtful	**23.02**		5.89	
	143.32		161.58	
Less : Provision for Doubtful Deposits	**23.02**	**120.30**	5.89	155.69
(c) Loans and Advances to Related Parties				
(i) Unsecured, Considered Good				
GAIL Global Singapore (Pte) Limited		**55.60**		57.32
(100% subsidiary company incorporated in Singapore)				
GAIL Global USA Inc.	**-**		-	
Bhagyanagar Gas Ltd.	**-**		-	
South East Asia Gas Pipeline (Includes interest accrued of South East Asia Gas Pipeline ₹ 9.69 Cr.)	**-**	**166.74**	-	-
(ii) Advances to Related Party for Allotment of Equity		**236.15**		867.44
(d) Other Loans and Advances				
(i) Loans and Advances to Employees				
- Secured, Considered Good	**279.01**		230.91	
- Unsecured, Considered Good	**57.76**		68.49	
(including dues from Directors and officer ₹ 0.29 Cr. (Previous Year : ₹0.44 Cr.) (Maximum amount due at any time during the year: ₹ 0.65 Cr.) (Previous Year : ₹ 0.77 Cr.))		**336.77**		299.40
(ii) Advance Income Tax against pending demand				
- Unsecured, Considered Good	**1,221.67**		1,177.33	
- Unsecured, Considered Doubtful	**56.74**		43.24	
	1,278.41		1,220.57	
Less : Provision for Doubtful Income Tax against pending demand	**56.74**	**1,221.67**	43.24	1,177.33
(iii) Advance tax / TDS				
- Unsecured, Considered Good	**3,170.66**		3,210.33	
Less : Provision for taxation	**2,923.93**	**246.73**	2,928.01	282.32
(iv) Others :				
a) VAT Credit Receivable		**66.33**		34.66
b) Other Advances		**0.03**		1.04
- Unsecured, Considered Good				
TOTAL		**2,591.49**		3,174.51

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(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
a) Advances to Related Party for Allotment of Equity		
Joint Venture Companies		
i). Bhagyanagar Gas Ltd.	**22.49**	22.49
ii). Tripura Natural Gas Ltd.	**-**	0.28
iii). Green Gas Ltd.	**23.03**	23.03
iv). Avantika Gas Ltd.	**22.49**	22.49
v). Ratnagiri Gas & Power Pvt. Ltd.	**-**	118.36
vi). ONGC Petro Additions Ltd (OPAL)	**-**	335.88
	68.01	522.53
Subsidiary Companies		
i). Brahmaputra Cracker and Polymer Ltd.	**52.44**	189.93
ii). GAIL Gas Ltd.	**10.00**	54.35
	62.44	244.28
Others		
i). South East Asia Gas Pipeline Ltd.	**105.70**	100.63
	105.70	100.63
TOTAL (II)	**236.15**	867.44

Note 15 Other Non Current Assets

(₹. in Crores)

			AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
Long Term Trade Receivables					
- Unsecured, Considered Good	**665.78**			272.04	
- Unsecured, Considered Doubtful	**460.20**	**1,125.98**		472.58	744.62
Less : Provision for Doubtful debts		**460.20**			472.58
		665.78			272.04
Others :					
- Unsecured, Considered Good					
Prepaid Expenses		**7.41**			0.07
TOTAL		**673.19**			272.11

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Note 16 Current Investments

(₹in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
Current Investments					
Quoted					
(i) Investments in Govt. or Trust securities					
In Government of India Bonds	**959,000**	**-**		9.59	
7 % Oil Companies GOI Special Bonds 2012					
(Alloted in lieu of claims pending with Oil Co-ordination Committee.					
Redeem during the year)					
(ii) In Associate Company					
In Associate Company					
China Gas Holding Ltd.China	**60,000,000**	**38.95**		-	
*acquired at a premium of HK$ 1.148 / share					
TOTAL		**38.95**		9.59	
Aggregate amount of quoted investments					
- Book Value (at cost)		**38.95**		9.59	
- Market Value		**269.35**		9.59	

Note 17 Inventories

(₹in Crores)

	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
(a) Work-in-Progress		**5.20**		1.93
(b) Finished Goods				
Polymers / LPG and Other Products		**160.02**		96.63
(c) Stock-in-trade				
Stock of Gas (after adjustment of calorific value)		**782.25**		791.93
* includes ₹ 0.07 Cr.(Previous Year : NIL) of REC				
(d) Stores and Spares				
(As taken, valued and certified by the Management)				
Stores and Spares *	**503.23**		471.73	
Less : Provision for Losses/Obsolescence	**1.62**	**501.61**	1.55	470.18
Construction Surplus - Capital / Stores	**105.89**		83.91	
Less : Provision for Losses/Obsolescence	**19.64**		24.84	
* includes ₹ 34.24 Cr.(Previous Year : ₹ 76.05 Cr.) in transit.		**86.25**		59.07
TOTAL		**1,535.33**		1,419.74

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Note 18 Trade Receivables

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
(i) Trade Receivables outstanding for a period exceeding six months				
- Unsecured, Considered Good	**43.24**		32.49	
- Unsecured, Considered Doubtful	**0.46**	**43.70**	26.11	58.60
(ii) Other Receivables				
- Unsecured, Considered Good	**2,508.10**		1,871.99	
- Unsecured, Considered Doubtful	**-**	**2,508.10**	14.32	1,886.31
		2,551.80		1,944.91
Less : Provision for Doubtful debts		**0.46**		40.43
TOTAL		**2,551.34**		1,904.48

Note 19 Cash and cash equivalents

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
(a) Cash in hand	**0.32**	0.25
(b) Stamps in hand	**0.23**	0.41
(c) Balances With Banks		
(i) Current Account	**10.14**	32.27
(ii) Corporate Liquid Term Deposit (CLTD)	**35.11**	31.91
(iii) Short Term Deposit	**1,651.18**	0.97
(iv) Earmarked Accounts		
- Current Account - Dividend Payable	**2.68**	2.59
- Short Term Deposit - Gas Pool Money (includes interest accrued but not due ₹4.26 Cr. (Previous Year : ₹ 33.71 Cr.)((Refer Note No - 35 (b))	**571.75**	783.84
- Short Term Deposit - Imbalance & Over run (includes interest accrued but not due ₹3.20 Cr. (Previous Year : ₹1.96 Cr.) ((Refer Note No - 35 (c))	**60.75**	32.03
- Short Term Deposit -JV Consortium (includes interest accrued but not due ₹0.97 Cr. (Previous Year : ₹0.92 Cr.) ((Refer Note No - 35 (a))	**25.78**	47.06
	660.96	865.52
TOTAL	**2,357.94**	931.33

a) None of the above deposits is having original maturity of more than 12 months

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Note 20 Short Term Loans and Advances

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
(a) Loan and Advances to Related Parties					
- Unsecured, Considered Good	**101.78**		79.35		
- Unsecured, Considered Doubtful	**4.44**		-		
(Includes interest accrued of ₹ 13.84 Cr.(Previous Year : ₹ 2.81 Cr.)					
	106.22		79.35		
Less : Provision for Doubtful Advances	**4.44**	**101.78**	-		79.35
(b) Security Deposits					
- Unsecured, Considered Good		**166.51**			52.93
(c) Others :					
(i) Loan and Advances to Employees					
- Secured, Considered Good	**33.24**		28.23		
- Unsecured, Considered Good	**5.38**	**38.62**	4.89		33.12
(including dues from Directors and officer ₹ 0.21 Cr. (Previous Year : ₹0.23 Cr.)					
(ii) Prepaid Expenses					
- Unsecured, Considered Good		**28.97**			22.75
(iii) Balance with Government Authorities					
- Unsecured, Considered Good					
CENVAT Credit Receivable	**175.96**		391.94		
VAT Credit Receivable	**1,293.36**		688.01		
Service Tax Credit Receivable	**105.74**	**1,575.06**	197.29		1,277.24
(iv) Advances to Suppliers/Contractors					
- Unsecured, Considered Good	**134.29**		114.27		
- Unsecured, Considered Doubtful	**1.02**		0.97		
	135.31		115.24		
Less : Provision for Doubtful Advances	**1.02**	**134.29**	0.97		114.27
(v) Claims Recoverable					
- Unsecured, Considered Good	**69.41**		72.32		
- Unsecured, Considered Doubtful	**2.33**		3.72		
	71.74		76.04		
Less : Provision for doubtful claims	**2.33**	**69.41**	3.72		72.32
(vi) Other advances recoverable in cash or in kind					
- Unsecured, Considered Good		**441.22**			314.25
TOTAL		**2,555.86**			1,966.23
a) Loans and advances to related parties includes :					
GAIL Global Singapore (Pte) Ltd.		**0.75**			0.47
Bhagyanagar Gas Ltd.		**89.84**			63.70
Indraprastha Gas Ltd.		**0.03**			0.09
Tripura Natural Gas Ltd.		**0.14**			0.37
Green Gas Ltd.		**0.61**			0.68
Central U.P. Gas Ltd.		**0.02**			0.16
Maharashtra Natural Gas Ltd.		**0.01**			0.28
Avantika Gas Ltd.		**0.32**			0.64
Mahanagar Gas Ltd.		**0.02**			0.07
Ratnagiri Power & Project Ltd.		**11.21**			4.67
OPAL		**0.51**			0.17
GAIL Global USA Inc.		**0.59**			1.01
BCPL		**1.39**			1.86
GAIL Gas Ltd.		**0.78**			5.18
TOTAL		**106.22**			79.35

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Note 21 Other Current Assets

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Interest accrued but not due		
(ncluding on Investments of NIL (Previous Year : ₹ 0.04 Cr.)	**14.77**	1.22
	14.77	1.22

Note 22 Revenue from Operations (Gross)

(₹. in Crores)

	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
a) Sale of Products		
Sale of Gas	**37,552.12**	31,749.98
Sale of Polymers	**4,203.69**	3,726.09
Sale of LPG	**2,902.32**	1,661.60
Sale of Propane/Pentane/SBPS/Naptha	**1,735.27**	1,615.61
Sale of Crude Oil	**78.22**	81.19
Sale of CNG	**65.43**	42.79
Sale of Power	**60.14**	1.22
b) Sale of Services		
LPG Transmission / RLNG Shippers Charges	**1,403.90**	1,939.32
c) Income from Telecom	**4.18**	3.99
	48,005.27	40,821.79
Less : Excise Duty	**672.60**	541.05
TOTAL	**47,332.67**	40,280.74
Other Operating Income	**190.02**	160.02
TOTAL (Net)	**47,522.69**	40,440.76

a) Other Operating Income includes ₹ 60.48 Cr. (Previous year ₹42.81 Cr.) on account of salary exp recovered on account of employees on deputation to other Comp./Dept

Note 23 Other Income

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012
Interest on :				
- Bonds (Short term trade investment)	**0.30**		0.67	
- Deposits with Banks	**138.72**		101.24	
- Others	**110.31**		72.91	
	249.33		174.82	
(Tax deducted at source : ₹16.15 Cr. (Previous Year : ₹11.23 Cr.))				
Add : Transferred to Expenditure during construction period (refer note no - 30)	**(55.60)**	**193.73**	(21.28)	153.54
Dividend from Trade Investment		**382.58**		252.40
Transfer From Capital Reserve		**0.11**		0.11
Net Gain on Foreign Currency Transaction and Translation		**22.03**		-
Excess Provision Written Back		**131.66**		216.50
Miscellaneous Income	**35.84**		26.54	
(Tax deducted at source : ₹ 0.40 Cr.(Previous Year : ₹ 0.56 Cr.))				
Add : Transferred to Expenditure during construction period (refer note no - 30)	**(1.44)**	**34.40**	(0.71)	25.83
TOTAL		**764.51**		648.38

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Note 24 (Increase)/Dcrease in Inventories of Finished Good, Work in Progress & Stock in Trade

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Inventories at the end of the year			
Work-in-Progress		**5.20**	1.93
Finished Goods		**160.02**	96.63
Stock in Trade		**782.25**	791.93
	TOTAL	**947.47**	890.49
Inventories at the beginning of the year			
Work-in-Progress		**1.93**	3.26
Finished Goods		**96.63**	82.71
Stock in Trade		**791.93**	306.77
	TOTAL	**890.49**	392.74
(Increase) / Decrease		**(56.98)**	(497.75)

Note 25 Employee benefits expenses

(₹. in Crores)

	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Salaries, Wages and Allowances	**605.31**	516.84
Contribution to Provident and Other Funds	**121.71**	83.51
Staff Welfare Expenses	**130.98**	120.46
TOTAL	**858.00**	720.81
Less : Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no - 30)	**72.55**	70.52
TOTAL	**785.45**	650.29

a) Employee benefits expenses include ₹86.79 Cr.(Previous Year : ₹ 70.36 Cr.) on account of retirement benefits viz. PF, Leave encashment, Medical, Long Service award, terminal benefit, sick leave and gratuity.

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Note 26 Finance Cost

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012
Interest on:				
- Term Loans	**290.05**		133.76	
- Bonds	**133.81**		92.00	
- Others	**4.36**	**428.22**	16.70	242.46
Other Borrowing Costs		**78.04**		49.04
Exchange differences regarded as an adjustment to Interest Cost		**-**		40.10
TOTAL		**506.26**		331.60
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no - 30)		**311.24**		215.14
TOTAL		**195.02**		116.46

Note 27 Depreciation and Amortization Expenses

(₹. in Crores)

	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Depreciation and Amortization Expenses	**983.19**	789.37
Impairment Loss	**0.39**	2.12
	983.58	791.49
Less : Depreciation and Amortization Expenses transferred to Capital Work-in-Progress (refer note no - 30)	**2.64**	0.78
TOTAL	**980.94**	790.71

a) As required by Accounting Standard (AS) 28, 'Impairment of Assets', an amount of ₹0.39 Cr. (Previous Year : ₹ 2.12 Cr.) has been impaired in respect of GAIL Tel Cash Generating Units (ref note no - 48)

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Note 28: Other Expenses

(₹ in Crores)

		YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012
Gas Pool Expenses		**734.86**		589.69
Stores and Spares consumed		**297.34**		268.14
Power and Fuel Charges				
Power Charges	**199.44**		165.60	
Gas used as Fuel	**1,036.70**		892.88	
		1,236.14		1,058.48
Water Charges		**6.96**		7.20
Rent		**18.77**		17.08
Repairs and Maintenance				
Plant and Machinery	**247.27**		202.00	
Buildings	**24.78**		18.49	
Others	**24.89**	**296.94**	29.79	250.28
Insurance		**17.83**		13.92
Rates and Taxes (includes entry tax on gas)		**86.98**		94.31
Miscellaneous Expenditure :				
- Licence Fees - Telecom		**1.95**		1.03
- Bandwidth Consumption		**-**		-
- Communication Expenses		**9.09**		9.09
- Printing and Stationery		**3.47**		3.70
- Travelling Expenses		**92.83**		87.99
- Books and Periodicals		**0.57**		0.54
- Advertisement and Publicity		**33.76**		24.21
- Entertainment Expenses		**0.37**		0.17
- Recruitment and Training Expenses		**18.79**		12.99
- Vehicle Hire and Running Expenses		**25.91**		21.93
- Survey Expenses		**81.65**		71.24
- Dry Well Expenses written off	**137.60**		152.31	
Less : Provision for Dry Well Expenses written back	**53.57**	**84.03**	-	152.31
- Oil & Gas Producing Expenses (Operators)		**4.76**		10.39
- Royalty on Crude Oil*		**29.48**		9.38
- Consultancy Charges		**31.33**		49.53
- Data Processing Expenses		**6.13**		3.48
- Donation		-		-
- Research and Development Expenses		**12.91**		1.19
- Loss on sale / written off of assets (net)		**10.34**		2.89
- Bad Debts/Claims/Advances/Stores written off		**0.39**		0.29
- Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items		**49.91**		472.77
- Provision for Probable Obligations / Contingencies		**134.95**		207.37
- Excise Duty on Stock (net)		**8.81**		1.32
- Expenses on Enabling Facilities		**3.34**		2.73
- Selling & Distribution Expenses		**21.16**		18.45
- Discount on Sales		**120.71**		131.77
- Commission on Sales		**15.51**		16.52
- Security Expenses		**68.43**		65.37
- Corporate Social Responsibility Expenses		**64.65**		54.43
- Other Expenses		**101.15**		24.08

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(₹ in Crores)

		YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
Net Loss on Foreign Currency Transaction and Translation			-		12.41
Payment to Auditors					
Audit Fees		**0.38**		0.34	
Tax Audit fees		**0.07**		0.06	
Other Services (for issuing certificates, etc)		**0.16**		0.14	
Out of Pocket Expenses		**0.28**	**0.89**	0.14	0.68
Net Loss on Sale of Investments			-		0.10
Prior Period Adjustments (Refer note 29)			**256.70**		3.07
	TOTAL		**3,989.79**		3,772.52
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no - 30)			30.36		17.66
	TOTAL		**3,959.43**		3,754.86

* includes ₹20.52 Cr (Prev. Year NIL) towards Govt Share of Profit Petroleum

Note 29 Prior Period Adjustments

(₹ in Crores)

		YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
Contribution to PF & Other Fund			**209.41**		-
Welfare Expenses			**(0.29)**		-
Power, Fuel and Water Charges			**-**		(1.05)
Stores and Spares consumed			**-**		(0.26)
Rent			**0.25**		0.84
Repairs and Maintenance			**-**		0.07
Other Expenses			**10.87**		2.01
Depreciation(Net)			**36.61**		0.45
Interest			**0.11**		0.51
	TOTAL		**256.96**		2.57
Less :					
- Sales		-		(4.77)	
- Miscellaneous Income		**0.26**	**0.26**	4.27	(0.50)
	TOTAL (NET)		**256.70**		3.07

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Note 30 : Expenditure during Construction Period

(₹ in Crores)

	YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	**55.60**		52.33	
Contribution to Provident and Other Funds	**7.58**		11.24	
Welfare Expenses	**9.37**	**72.55**	6.95	70.52
Power, Fuel and Water Charges		**1.08**		0.31
Stores & Spares		**0.13**		0.12
Rent		**1.91**		2.16
Rates and Taxes		**-**		0.11
Repairs and Maintenance - Plant and Machinery		**0.12**		0.03
Repairs and Maintenance - Building		**0.04**		0.05
Repairs and Maintenance - Others		**0.61**		0.53
Insurance		**0.02**		0.03
Communication Expenses		**0.59**		0.69
Printing and Stationery		**0.21**		0.24
Travelling Expenses		**11.19**		9.95
Books and Periodicals		**0.04**		0.01
Advertisement and Publicity		**0.06**		0.15
Entertainment Expenses		**0.53**		0.40
Recruitment and Training Expenses		**0.30**		0.22
Vehicle Hire and Running Expenses		**-**		0.02
Consultancy Charges		**0.69**		0.58
Data Processing Expenses		**0.07**		0.03
Other Expenses		**12.77**		2.03
Depreciation		**2.64**		0.78
Interest and Finance Charges		**311.24**		215.14
		416.79		304.10
Less : - Interest Income	**55.60**		21.28	
- Misc. Income	**1.44**		0.71	
- Sales	**-**	**57.04**	-	21.99
Net Expenditure		**359.75**		282.11
Less :Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	**72.55**		70.52	
b) Interest & finance Charges	**311.24**		215.14	
c) Depreciation	**2.64**		0.78	
d) Other Expenses	**30.36**		17.66	
e) Other Income	**(57.04)**	**359.75**	(21.99)	282.11
Balance Carried over to Balance Sheet		**NIL**		NIL

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31. Contingent Liabilities and Commitments (To the extent not provided for):-

I. Contingent Liability

(a). Claims against the Company not acknowledged as debts: ₹ 5968.49 Crores (Previous Year: ₹ 6040.02 Crores), which mainly include:-

(i) Legal cases for claim of ₹ 807.23 Crores (Previous Year: ₹ 3261.11 Crores) by trade payable on account of Liquidated Damages/Price Reduction Schedule and Natural Gas price differential etc. and by customers for Natural gas transmission charges etc.

(ii) Income tax assessments up to the Assessment Year 2010-11 have been completed and a demand (net of provision) of ₹ 1290.25 Crores relating to the Assessment Years 1996-97 to 2010-11 (Previous Year: ₹. 1345.92 Crores relating to the Assessment Years 1996-97 to 2009-10) raised by the Department on account of certain disallowances / additions has been disputed by the company as it has been advised that the demand is likely to be deleted or may be reduced substantially by the appellate Authorities. The company has filed the appeal with the appropriate appellate authorities against all the assessment years. However, to avoid coercive action by the Department, ₹ 1221.67 Crores (Previous Year: ₹ 1177.33 Crores) has already been paid pending decision by the appellate authorities. Further, Department has also filed appeals amounting to ₹ 93.37 Crores (including interest) before Income Tax Appellate Tribunal, Delhi against the relief granted by CIT (A) in favour of Company.

(iii) ₹ 3147.06 Crores (Previous Year: ₹ 1154.69 Crores) relating to disputed tax demand towards Excise duty, Sales tax, Entry tax, and Service Tax etc.

(b) (i) The Company has issued Corporate Guarantee for ₹ 1100.74 Crores (Previous Year: ₹ 806.03 Crores) on behalf of subsidiary companies for raising loan. Further Bank Gurantees for ₹ NIL Crore (Previous Year: ₹ 45.88 Crore) issued on behalf of subsidiary companies.

(ii) Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited Financial Statement: ₹ 728.87 Crores (Previous Year: ₹ 733.14 Crores).

II. Commitments:-

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 4841.24 Crores (Previous Year: ₹ 7115.17 Crores).

(b) Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited/unaudited Financial Statement of Joint Ventures. ₹ 1005.49 Crores (Previous Year: ₹ 1777.91 Crores).

(c) Other Commitments:-

(i) As at 31st March'2013, the company has commitment of ₹ 615.65 Crores (Previous Year : ₹ 970.70 Crores) towards further investment and disbursement of loan in the Joint Venture Entities and Associates.

(ii) As at 31st March'2013, the company has commitment of ₹. 140.93 Crores (Previous Year: ₹. 217.33 Crores) towards further investment in the Subsidiaries.

(iii) As at 31st March'2013, the company has commitment of ₹. 177.62 Crores (Previous Year: ₹ 321.91 Crores) towards further investment in the entity other than Joint Ventures, Associates & Subsidiaries.

(iv) Company's commitment towards the minimum work programme in respect of Jointly Controlled Assets has been disclosed in Note 46(b).

32. Sales Tax demand of ₹ 3449.18 Crores (Previous Year: ₹ 3449.18 Crores) and interest thereon ₹1513.04 Crores. (Previous Year: ₹1513.04 Crores) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in Hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.

33. (a) Freehold Land acquired valuing ₹.11.55 Crores (Previous Year: ₹ 6.39 Crores) and Leasehold Land acquired valuing ₹.64.07 Crores (Previous Year : ₹.NIL) are valued / capitalized on provisional basis.

(b) Title deeds for freehold land valuing ₹ 10.86 Crores (Previous Year: ₹ 7.84 Crores) and leasehold land valuing ₹ 13.19 Crores (Previous Year: ₹ 20.94 Crores) are pending execution.

(c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing ₹ 1.17 Crores (Previous Year: ₹ 1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.

(d) Net Block for "Building" includes an amount of ₹ 1.03 Crores (Previous Year: ₹. 1.20 Crores) earmarked for disposal but in use.

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34. Disclosure as per Accounting Standard-5 on "Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policy".

(a) Ministry of Corporate Affairs has issued clarification vide Circular No. 25/2012 dated 09.08.2012 that Para 6 of Accounting Standard (AS) 11 and Para 4 (e) of the Accounting Standard (AS) 16 shall not apply to a company which is applying Para 46-A of Accounting Standard (AS) 11. Accordingly, Company has modified the related accounting policies. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest costs as per Para 4 (e) of AS 16 and hitherto charged to Statement of Profit and Loss have now been adjusted in the cost of related assets. As a result, profit for the year ended 31st March 2013 is increased by ₹ 46.37 Crores and fixed assets are increased by the same amount.

(b) During the year, a net amount of ₹ 2.42 Crores (Previous Year ₹ 1.63 Crores) credited in Foreign Currency Monetary Item Translation Difference Account and a net amount of ₹ 1.77 Crores (Previous Year: ₹ 0.28 Crores) amortized during the year resulting in net decrease in profit by ₹ 0.65 Crores. The balance amount remaining to be amortized as on 31.03.2013 is ₹ 2.00 Crores (Previous Year ₹ 1.35 Crores).

(c) During the year, the company has changed its Accounting Policy No 1.5 (vii) of charging Prepaid expenses and prior period expenses/income from upto ₹ 1,00,000/- to upto ₹ 5,00,000/- in each case to relevant heads of account. As such, Short term loans and advances decreased by ₹ 0.34 Crore, Prior period adjustments decreased by ₹ 0.50 Crore, and correspondingly other expenses increased by ₹ 0.84 Crore, resulted decrease in profit for the year by ₹ 0.34 Crore.

(d) During the year, the company has reviewed and modified its Accounting Policy No. 1.03 related to valuation of stock of LNG and Natural Gas in Pipeline, Raw materials and finished products to bring more clarity. As such, there is no impact on the Financial Statement for the year.

(e) During the year the company has added Note 1.03(vii) in the Accounting Policy for valuation of stock relating to Renewable Energy Certificates (RECs). As such, the profit of the company has increased by ₹ 0.07 Crore.

(f) The company has added Note 1.10 (v) in the Accounting Policy relating to derivative contracts, gain/losses on settlement and losses on restatement (by marking them to market) at the balance sheet date are recognized in the Statement of Profit & Loss. As such, there is no impact in the Statement of Profit and Loss during the year.

35. (a) The balance retention from PMT JV consortium amounting to ₹ 25.78 Crores (Previous Year: ₹ 47.06 Crores) includes interest amounting to ₹ 0.97 Crores (Previous Year: ₹ 0.92 Crores) on Short term deposits for the year. This interest income does not belong to the company hence not accounted as income.

(b) Liability on account of Gas Pool Money amounting to ₹ 598.89 Crores (Previous Year: ₹ 818.83 Crores) includes interest amounting to ₹ 4.26 Crores (Previous Year: ₹ 37.71 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

(c) Liability on account of Pipeline overrun and Imbalance charges amounting to ₹ 60.28 Crores (Previous Year: ₹ 31.67 Crores) includes interest for the year amounting to ₹ 3.20 Crores (Previous Year: ₹ 1.96 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

(d) (i) MOPNG has issued clarification vide letter No. L-12014/1/2010-GP dated 04.04.2012 on the APM gas supply to consumers beyond their Gas Linkage Committee (GLC) allocations and directed GAIL to recover the amount as per market rates for the quantum of APM gas supplied to consumers beyond GLC allocation for the period from July 2005 to March 2010. Accordingly, GAIL raised the supplementary invoices for supply of Natural Gas for the difference of APM and Non-APM prices for the quantity drawn more than the GLC allocation for the said period by issuing the debit notes for additional amount of ₹ 68.24 Crores excluding taxes. Some consumers have obtained stay orders from courts and the cases are subjudice. The unrealized amount of ₹ 56.93 Crores as on 31.03.2013 has been shown as recoverable from consumers and correspondingly payable in Gas Pool Account (Provisional). The amount payable in Gas Pool Account will be invested as and when said amount is recovered from the consumers.

(ii) MOPNG directed that APM gas price would be applicable for only those quantities of gas which are used for generating electricity which is supplied to the grid for distribution to the consumers through the public utilities/ licensed distribution companies. Accordingly, GAIL raised the supplementary invoices considering difference of APM and Non APM prices for the said directive for the period from July 2005 to February 2013 by issuing debit notes for an additional amount of ₹ 336.09 Crores. Consumers have obtained stay orders from courts and the cases are subjudice. This amount has been shown as recoverable from consumers and correspondingly payable in Gas Pool Account (Provisional) amounting to ₹ 293.53 crores and VAT payable amount to ₹ 42.56 crores. The amount payable in Gas Pool Account will be invested as and when said amount is recovered from the consumers.

36. Disclosure as per Accounting Standard-11 on "The effect of changes in Foreign Exchange Rates"

(i) The amount of exchange difference (net) recognized in the Statement of Profit & Loss is (₹ 22.03) Crores (Previous Year: ₹ 12.41 Crores).

(ii) The amount of exchange difference debited to the carrying amount of fixed assets is ₹ 146.18 Crores (Previous Year: ₹ 38.48 Crores).

37. Company had a Superannuation Benefit Fund (Pension) primarily funded by employees. In line with DPE guidelines, the old scheme was required to be modified to Defined Contributory Scheme with effect

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from 01.01.2007. Therefore, based on actuary valuation, a provision of ₹ 225.85 crores, being the deficit assessed in the funds of the old scheme along with interest up to 31.03.2013, has been made in Statement of Profit & Loss. A provision of ₹ 4.76 crores has also been made regarding employees superannuated after 01.01.2007 etc.

38. The required disclosure under the Revised Accounting Standard 15 is given as below:

(i) Superannuation Benefit Fund (Defined Contribution Fund)

Company has paid for an amount of ` 46.29 Crores (Previous Year: ₹ 51.30 Crores) towards contribution to Superannuation Benefit Fund Trust and charged to Statement of Profit and Loss.

(ii) Provident Fund

Company has paid contribution of ₹ 55.61 crores (Previous Year: ₹ 29.53 Crores) to Provident Fund Trust at predetermined fixed percentage of eligible employee's salary and charged to Statement of Profit and Loss. Further, the obligation of the company is to make good shortfall, if any, in the fund assets based on the statutory rate of interest in the future period. During the year, the company has made a provision of ₹ 18.21 Crore, as per actuarial valuation and the balance provision to meet any shortfall in the future period, to be compensated by the company to the Provident Fund Trust, as on 31.03.2013 is ₹ 27.03 Crore.

(iii) Other Benefit Plans

A) Gratuity

15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to ₹ 10 Lakhs.

B) Post Retirement Medical Scheme (PRMS)

Upon payment of one time prescribed contribution by the superannuated employees/those who resigned from service can avail the facility subject to the completion of minimum of 10 years of service and 50 years of age.

C) Earned Leave Benefit (EL)

Accrual 30 days per year. Encashment while in service 75% of Earned Leave balance subject to maximum of 90 days at a time, twice per calendar year. Encashment on retirement or superannuation maximum 300 days.

D) Terminal Benefits (TB)

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance. Employees are gifted a gold coin weighing 25 grams.

E) Half Pay Leave (HPL)

Accrual 20 days per year. Encashment while in service NIL. Full encashment on retirement.

F) Long Service Award (LSA)

Employees are eligible for gold coin weighing 5 gms on completion of 15 years, 10 gms each on completion of 20 years and 25 years, 20 gms each on completion of 30 years and 35 years of service.

The following table summarizes the components of net benefit expenses recognized in the statement of Profit and Loss.

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(₹ in Crores)

	Gratuity Funded		PRMS Non Funded		EL Non Funded		TB Non Funded		HPL Non Funded		LSA Non Funded	
	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12
A. Expenses recognized in the statement of Profit & Loss Account												
Current Service Cost	27.95	22.14	-	-	19.68	25.31	-	-	12.55	12.25	-	-
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	8.94	8.56	3.97	3.24	15.07	12.87	0.46	0.29	7.63	7.35	0.79	0.65
Expected Return on Plan Assets	(9.99)	(9.35)	-	-	-	-	-	-	-	-	-	-
Net actuarial (Gain)/Loss recognized in the year	(25.84)	(19.44)	5.33	6.64	10.42	15.55	0.47	1.75	(10.74)	(15.53)	1.88	2.39
Expenses recognized in P&L Account for FY 2012-13	1.06	1.91	9.30	9.88	45.17	53.73	0.93	2.04	9.44	4.07	2.67	3.04
B. The amount recognized in the Balance Sheet												
Present value of Obligation as at 31.03.2013	123.05	110.47	55.21	47.50	202.18	197.62	6.28	5.46	98.53	90.37	11.21	10.12
Fair value of Plan Assets as at 31.03.2013	121.60	109.95	-	-	-	-	-	-	-	-	-	-
Difference	(1.45)	(0.52)	(55.21)	(47.50)	(202.18)	(197.62)	(6.28)	(5.46)	(98.53)	(90.37)	(11.21)	(10.12)
Net Asset/(Liability) recognized in the Balance Sheet	(1.45)	(0.52)	(55.21)	(47.50)	(202.18)	(197.62)	(6.28)	(5.46)	(98.53)	(90.37)	(11.21)	(10.12)
C. Changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2012	110.47	102.50	47.50	38.60	197.62	158.83	5.46	3.45	90.37	86.51	10.12	8.30
Interest Cost	8.94	8.56	3.97	3.24	15.07	12.86	0.46	0.29	7.63	7.35	0.79	0.65
Current Service Cost	27.95	22.14	-	-	19.68	25.31	-	-	12.55	12.25	-	-
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.19)	(3.54)	(1.59)	(0.97)	(40.61)	(14.93)	(0.11)	(0.03)	(1.28)	(0.21)	(1.58)	(1.22)
Net Actuarial Gain/(Loss) on Obligation	(20.12)	(19.19)	5.33	6.63	10.42	15.55	0.47	1.75	(10.74)	(15.53)	1.88	2.39
Present Value of the Defined Benefit Obligation as at 31.03.2013	123.05	110.47	55.21	47.50	202.18	197.62	6.28	5.46	98.53	90.37	11.21	10.12
D. Changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2012	109.95	103.89	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	9.99	9.35	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	0.13	0.01	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.19)	(3.54)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss)	5.72	0.24	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2013	121.60	109.95	-	-	-	-	-	-	-	-	-	-
Principal actuarial assumption at the Balance Sheet Date												
Discount rate	8.50%	8.50%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Expected return on plan assets	9.09%	9.00%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	10%	10%	-	-	10%	10%	-	-	10%	10%
Annual increase in salary	12.00%	12.00%	-	-	12%	12%	-	-	12%	12%	-	-

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Mortality table referred	LIC (1994-96) DULY MODIFIED		
	AGE	WITHDRAWAL RATE % (2012-13)	WITHDRAWAL RATE % (2011-12)
Withdrawal Rate/Employee turnover rate	UPTO 30 YEARS	3%	3%
	UPTO 44 YEARS	2%	2%
	ABOVE 44 YEARS	1%	1%

Note : The actuarial valuation takes into account the estimates of future salary increases, inflation, seniority, promotion and other relevant factors.

39. Disclosure as per Accounting Standard (AS) 16 on 'Borrowing Costs' Borrowing costs capitalized during the year ₹ 311.24 Crore (Previous Year: ₹ 215.14 Crore).

40. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ₹ 2687.18 Crores (Previous Year: ₹ 3182.62 Crores). Corresponding adjustment on account of CST amounting to ₹ 9.58 Crores (Previous Year: ₹ 17.54 Crores) has been made.

41. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.

(b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed by the Oil Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.

(c) (i) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. Impact on profits, if any, is being recognized as and when the pipeline tariff is revised in accordance with these Regulations.

(ii) PNGRB vide order no-TO/07/2012 dated 12th July 2012 have notified "PROVISIONAL" initial unit natural gas pipeline tariff for Dadri-Bawana-Nangal Natural Gas Pipeline effective from 04.01.2010.In accordance with the order, the company has derecognized the revenue by an amount of ₹ 51.49 Crore.

Further PNGRB vide order no-TO/08/2013 dated 10th May 2013 have notified "PROVISIONAL" initial unit natural gas pipeline tariff for K.G.Basin Natural Gas Pipeline network effective from 20.11.2008. In accordance with the order, the company has derecognized the revenue by an amount of ₹ 517.23 Crores.

Further, the company has also derecognized the revenue by an amount of ₹ 11.08 Crore on account of lower tariff submitted to PNGRB for approval in respect of other pipelines.

(d) Value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on receipt basis and shown as liability till make up Gas is delivered to customer, during the recovery period, in terms of the Gas Sales Agreement with the customers.

42. In compliance of Accounting Standard 17 (AS-17) on "Segment Reporting" as notified under Companies Accounting Standard Rules 2006, the company has adopted following Business segments as its reportable segments:

(i) Transmission services
 a) Natural Gas
 b) LPG

(ii) Natural Gas Trading

(iii) Petrochemicals

(iv) LPG and other Liquid Hydrocarbons

(v) Other Segments (include GAIL TEL, E&P, City Gas and Power Generation)

There are no geographical segments.

The disclosures of segment wise information is given as per Annexure-A.

43. In compliance of Accounting Standard 18 on " Related party Disclosures" as notified under Companies Accounting Standard Rules 2006, the names of related parties, nature of relationship and detail of transactions entered therewith are given in Annexure-B.

44. In compliance to Accounting Standard 20 on "Earning Per Share", the calculation of Earnings Per Share (Basic and Diluted) is as under:

	Current Year	Previous Year
Net Profit after tax used as numerator - ₹ in crore	4022.20	3653.84
Weighted average numbers of equity shares used as denominator	1,26,84,77,400	1,26,84,77,400
Earnings per share (basic and Diluted) - ₹	31.71	28.80
Nominal Value per Equity Share - ₹	10.00	10.00

45. In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules 2006, the Company has provided accumulated net deferred tax liability in respect of timing difference as on 31st March, 2013 amounting to ₹ 2300.06 Crores (Previous Year: ₹ 1768.64 Crores). Net Deferred tax expense for the year of ₹ 531.42 Crores (Previous Year: ₹ 135.40 Crores) has been charged to Statement of Profit & Loss. The item-wise details of deferred tax liability and assets are as under:

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(₹ in Crores)

Sl. No.	Particulars	As on 31st March, 2013	As on 31st March, 2012
Deferred tax liability			
a)	Depreciation	5472.01	4012.48
b)	Others	0.00	0.00
Total Deferred Tax Liability (A)		**5472.01**	**4012.48**
Deferred Tax Assets			
c)	Provision for Retirement Benefits other than Gratuity	126.86	107.94
d)	Provision for Doubtful Debts/Claims/Advances/ Contingencies	262.07	250.28
e)	Benefit under Section 35AD of the Income Tax Act,1961	2689.80	1885.62
f)	Others (including liability for pay revision)	93.22	0.00
	Total Deferred Tax Assets (B)	**3171.95**	**2243.84**
g)	**Deferred tax Liability (Net) (A-B)**	**2300.06**	**1768.64**

46. In Compliance of Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules 2006, brief description of Joint Ventures of the Company are:

(a) Jointly Controlled Entities

(i) **Mahanagar Gas Limited:** A Joint Venture with British Gas Plc and Government of Maharashtra to supply gas to domestic, commercial, small industrial consumers and CNG for transport sector in Mumbai. The company has equity participation of 49.75% of the paid up capital and has invested ₹ 44.45 Crores (Previous Year ₹ 44.45 Crores) for acquiring 4,44,50,000 equity shares of ₹ 10/- each in Joint Venture Company.

(ii) **Indraprastha Gas Limited:** A Joint Venture with BPCL and Government of National Capital Territory (NCT) of Delhi to supply gas to domestic, commercial units and CNG for transport sector in Delhi. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 31.50 Crores (Previous Year ₹ 31.50 Crores) for acquiring 3,15,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(iii) **Petronet LNG Limited:** A Joint Venture with BPCL, IOCL and ONGCL for setting up LNG imports facilities. The company has equity participation of 12.50% of the paid up capital and has invested ₹ 98.75 Crores (Previous Year ₹ 98.75 Crores) for acquiring 9,37,50,000 equity shares of ₹ 10/- each in Joint Venture Company.

(iv) **Bhagyanagar Gas Limited:** A Joint Venture with HPCL for distribution and marketing of CNG, Auto LPG, Natural Gas and other gaseous fuels in Andhra Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 22.49 Crores (Previous Year ₹ 22.49 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(v) **Tripura Natural Gas Company Limited:** A Joint Venture with Assam Gas Company Limited and Tripura Industrial Development Corporation for transportation and distribution of natural gas through pipelines in Tripura. The company has equity participation of 29% (previous year 29%) of the paid up capital and has invested ₹ 1.92 Crores (Previous Year ₹ 0.55 Crores) for acquiring 1,92,000 equity shares (previous Year 55,000 equity shares) of ₹ 100/- each in Joint Venture Company. The Company has also paid ₹ NIL (Previous Year: ₹ 0.28 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(vi) **Central UP Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Kanpur, Uttar Pradesh. The company has equity participation of 25% of the paid up capital and has invested ₹ 15 Crores (Previous Year ₹ 15 Crores) for acquiring 1,50,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(vii) **Green Gas Limited:** A Joint Venture with IOCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Agra & Lucknow, Uttar Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 23.03 Crores (Previous Year ₹ 23.03 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(viii) **Maharashtra Natural Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Pune, Maharashtra. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 22.50 Crores (Previous Year ₹ 22.50 Crores) for acquiring 2,25,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(ix) **Ratnagiri Gas and Power Private Limited:** A Joint Venture with NTPC, MSEB and other Financial Institutions for the revival of the Dabhol Project. The company has equity participation of 32.88% (previous year 32.88%) of the paid up capital and has invested ₹ 974.31 Crores (Previous Year ₹ 776.90 Crores) for acquiring 9,74,308,300 equity shares (Previous Year 77,69,00,000 equity shares) of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ NIL (Previous Year: ₹ 118.36 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(x) **Avantika Gas Ltd.** A Joint Venture with HPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in MP. The company has equity participation of 22.50% of the paid up capital and has

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invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 22.49 Crores (Previous Year ₹ 22.49 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(xi) **ONGC Petro additions Ltd (OPAL).** A Joint Venture with Oil and Natural Gas Corporation Ltd, GAIL (India) Ltd and Gujarat state Petroleum Corporation Ltd. for setting up Petrochemical Project at Dahej in Gujarat. The company has equity participation of 15.50% (Previous Year : 17%) of the paid up capital and has invested ₹ 634.44 Crores for acquiring 63,44,40,001 equity shares of ₹ 10/- each. The Company has paid ` . NIL (Previous Year: ₹ 335.88 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(xii) **GAIL China Gas Global Energy Holdings Ltd.** A Joint Venture with China Gas Holdings Ltd. to pursue gas sector opportunities mainly in China. The company has equity participation of 50% of the paid up capital.

The Company's share in the assets and liabilities and in the Income and expenditure for the year in respect of above Joint ventures, based on audited/unaudited Financial Statements as furnished by them, is as under: (Final adjustments are effected during the year in which audited financial statement are received).

(₹ in Crores)

		2012-13	2011-12
A	**Assets**	9,483.82	8,705.51
	Non-Current Assets	8,042.82	6529.47
	Current Assets	1,441.00	2176.04
B	**Liabilities & Provisions**	6,477.34	5,922.85
	Non-Current Liabilities	3,578.57	3,507.17
	Current Liabilities & Provisions	2,898.77	2,415.68
C	**Income**	**6,381.26**	**5890.73**
D	**Expenditure**	**5,922.44**	**4900.50**
E	**Contingent Liability (*)**	**728.87**	**733.14**

(*) To the extent of information available with the company

(b) Jointly Controlled Assets

(i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 28 Blocks (PY 29 Blocks) as on 31.03.2013 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1, CY-ONN-2005/1 and CB-ONN-2010/11, where it is an operator, and shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.

The participating interest in the twenty eight NELP Blocks in India as on 31st March, 2013 is as under:

Sl No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%
2	CB-ONN-2000/1	50%
3	AA-ONN-2002/1	80%
4	AA-ONN-2003/1	35%
5	CB-ONN-2003/2	20%
6	AN-DWN-2003/2	15%
7	RJ-ONN-2004/1	22.225%
8	KG-ONN-2004/2	40%
9	CY-DWN-2004/1	10%
10	CY-DWN-2004/2	10%
11	CY-DWN-2004/3	10%
12	CY-DWN-2004/4	10%
13	CY-PR-DWN-2004/1	10%
14	CY-PR-DWN-2004/2	10%
15	KG-DWN-2004/1	10%
16	KG-DWN-2004/2	10%
17	KG-DWN-2004/3	10%
18	KG-DWN-2004/5	10%
19	KG-DWN-2004/6	10%
20	CY-ONN-2005/1	40%
21	AN-DWN-2009/13	10%
22	AN-DWN-2009/18	10%
23	CB-ONN-2000/1-RING FENCED CONTRACT	50%
24	CB-ONN-2010/11	25%
25	AA-ONN-2010/2	20%
26	GK-OSN-2010/1	10%
27	GK-OSN-2010/2	10%
28	CB-ONN-2010/8	25%

(ii) In addition to above, the Company has farmed-in as non - operator in the following blocks:

Sl No.	Name of the Block No.	Participating Interest
1	A-1,Myanmar*	8.5%
2.	A-3, Myanmar*	8.5%
3.	CY-OS/2	25%

*In addition, the company has 8.5% participating interest in offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

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(iii) The Company's share in the Assets, Liabilities, Income and Expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited financial statement submitted by the operators and are given below: (Final adjustments are effected during the year in which audited financial statement are received).

(₹ in Crores)

Particulars	2012-13	2011-12
Income	86.57	83.13
Expenses	223.69	286.47
Fixed Assets (Gross block)	6.42	5.77
Producing Property	7.10	-
Other Assets	1304.99	867.35
Current Liabilities	355.06	172.20

The above value includes the following amounts pertaining to 14 E&P Blocks relinquished till 31st March, 2013 (including 12 Blocks relinquished till 31st March, 2012) where company is non-operator.

(₹ in Crores)

Particulars	Till 31st March,2013	Till 31st March,2012
Income	8.25	7.31
Expenses	12.77	0
Fixed Assets (Gross block)	0.37	0.36
Other Assets	2.54	5.59
Current Liabilities	48.27	27.41

(iv) List of the E&P and CBM Blocks relinquished till 31.03.2013 is given below:

SL NO	Name of the Block	Participating Interest	Date of Relinquishment
1	GS-DWN-2000/2	15%	24.01.2007
2	MB-DWN-2000/2	15%	24.01.2007
3	KK-DWN-2000/2	15%	15.08.2004
4	MN-OSN-97/3	15%	08.11.2007
5	NEC-OSN-97/1	50%	11.09.2007
6	AD-7, Myanmar	10%	28.02.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	Block 56, Oman	25%	10.06.2010
9	RM-CBM-2005/III	35%	11.05.2010
10	MR-CBM-2005/III	45%	11.05.2010
11	CY-ONN-2002/1	50%	28.03.2011
12	TR-CBM-2005/III	35%	10.10.2011
13	MB-OSN-2004/1	20%	29.03.2012
14	MB-OSN-2004/2	20%	13.04.2012

(v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹ 643.50 Crores vious Year: ₹ 650.17 Crores).

(vi) Quantitative information:

(a) Details of Company's Share of Production of Oil for Block No. CB ONN-2000/1 during the year ended 31.03.2013:

(₹ in Crores)

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)	₹	(MT)	₹	(MT)	₹	(MT)	₹
Year ended 31/03/13	646.20	0.64	21268.97	-	21325.92	87.57	589.25	0.41
Year ended 31/03/12	515.11	0.34	22673.46	-	22542.37	82.65	646.20	0.64

* includes test production sales for ₹ 2.65 Crores (Previous Year ₹ 1.47 Crores)

b) Net Quantities of Company's interest in proved reserves and proved developed reserves:

	Proved Reserves		Proved Developed Reserves	
	2012-13	2011-12	2012-13	2011-12
Oil : in 000'MT				
Beginning of the year	**175**	90	**175**	90
Additions	**12**	107.67	**0**	107.67
Deletion	**3.73**	0	**3.73**	0
Production	**21.27**	22.67	**21.27**	22.67
Closing Balance	**162**	175	**150**	175
Gas : in Million M3				
Beginning of the year	**6220**	6220	**-**	-
Additions	**-**	-	**-**	-
Deletion	**-**	-	**-**	-
Production	**-**	-	**-**	-
Closing Balance	**6220**	6220	**-**	-

Note: Company's interest in Oil Reserves is in Indian blocks and in Gas Reserves is in Myanmar

c) In terms of Production Sharing Agreements/ Contracts, the balance (company's share) in cost

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recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is ₹ 940.75 Crores at the end of year (previous year: ₹ 691.27 Crores).

47. In Compliance of Accounting Standard 28, impairment of assets notified under the Companies Accounting Standard Rules 2006, the company has carried out the assessment of impairment of assets. Based on such assessment, GAILTEL assets have been impaired to the extent of ₹ 0.39 Crore (Previous Year: ₹ 2.12 Crore) and same amount has been recognized as impairment loss in Statement of Profit & Loss.

48. In Compliance of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent Assets", the required information is as under:

(₹ in Crores)

Provision for	Opening Balance	Addition during the year	Reversal/ adjusted during the year	Closing Balance
Legal & Arbitration Cases	231.29	138.67	37.22	332.74
Total	**231.29**	**138.67**	**37.22**	**332.74**

Additions include ₹ 3.72 Crores (Previous Year: ₹ 37.88 Crores) capitalized during the year. Expected timing of outflows is not ascertainable at this stage being legal cases under litigation.

49. In compliance with amended Clause 32 of the Listing Agreement with Stock Exchanges, the required information is given in **Annexure - C.**

50. Foreign currency exposure not hedged by a derivatives instrument or otherwise:

(₹ in Crores)

	Particulars	Currencies 31.03.2013	Amount 31.03.2012
Borrowings, including interest accrued but not due	USD	3779.37	2328.47
	EURO	223.74	-
	Others	221.20	-
Sundry creditors/deposits and retention monies	USD	195.63	179.91
	EURO	82.56	12.44
	Others	11.63	17.73
Sundry Debtors and Bank balances	USD	17.06	139.28
	EURO	-	-
	Others	-	-
Unexecuted amount of contracts remaining to be executed	USD	381.83	1090.09
	EURO	153.06	8.32
	Others	117.78	35.04

51. In some cases, the Company has received intimation from Micro and Small Enterprises regarding their status under "The Micro, Small and Medium Enterprises Development Act, 2006". The Company has certified that as a practice, the payment to all suppliers is made within 7 -10 days. No payments beyond appointed date were noticed. The amount remaining unpaid to all suppliers as at 31st March 2013 is ₹ 3832.93 Crores (Previous Year: ₹ 3096.39 Crores). No interest was paid or payable under the Act.

52. (a) Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a company in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07 and construction of Gas cracker complex is in progress. Further, Public Investment Board (PIB) in meeting dated 13th July 2011 recommended that the issue of ownership of the Lakwa facility may be decided by the Committee comprising of representative from Department of Expenditure, Planning Commission, MoPNG and the administrative Ministry. The gross block of fixed assets and Capital work in progress value of Lakwa unit is ₹ 260.15 Crores as on 31st March 2013 (Previous Year: ₹ 255.68 Crores).

(b) Further the Board in its 287th Meeting held on 06th April'2011 has approved transfer of CNG stations and its associated pipeline in Vadodara to proposed Joint Venture Company of GAIL Gas Ltd. and Vadodra Municipal Seva Samiti at market value yet to be determined. The transfer has not been effected during the financial year.

53. Non-Refundable Deposits ₹ 11.85 Crores (Previous Year: ₹ 7.34 Crores) made with the concerned authorities for railway crossings, forest crossings, removal and laying of electric/telephone poles and lines are accounted for under Capital Work-in-Progress on the basis of work done/confirmation from the concerned department.

54. (a) Request for confirmations of balances of trade receivable and payables were send. Confirmation of balances has been received from majority of cases. These confirmations are subject to reconciliation and consequential adjustments which in the opinion of the management is not material.

(b) In the opinion of management, the value of assets, other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

55. During the year, an amount of ₹ 24.98 Crore capitalized towards the Expenditure on Research and Development.

56. The Statement of Profit & Loss includes:-

(a) Expenditure on Public Relations and Publicity amounting to ₹ 33.76 Crores (Previous Year: ₹ 24.21 Crores). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.0007:1 (Previous Year: 0.0006:1).

(b) Research and Development Expenses ₹ 12.91 Crores (Previous Year: ₹ 1.19 Crores).

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(c) Entertainment Expenses ₹ 0.37 Crores (Previous Year: ₹ 0.17 Crores).

57. Other disclosures as per Schedule VI of the Companies Act, 1956.

(₹ in Crores)

		2012-13	2011-12
I.	CIF Value Import		
	i) Capital Goods	1099.47	555.18
	ii) Spare parts & Components	153.04	177.97
	iii) Raw Material	2733.86	3239.03
II.	a) Expenditure in Foreign Currency		
	i) Interest / Commitment Charges	164.29	57.66
	ii) Technical/Consultancy/ License Fee/Engineering	47.59	91.91
	iii) Others	497.04	2301.85
	b) Earning in Foreign Currency		
	i) Sales	-	
	ii) Others (including tender fee)	32.02	8.85
III.	Remuneration paid/payable to Directors Functional Directors including Chairman & Managing Director:		
	Salaries & Allowances	2.33	2.19
	Contribution to Provident Fund	0.26	0.10
	Other Benefits & Perquisites	0.37	0.33
	Tota	**2.96**	**2.62**
	Independent Directors:		
	Directors Sitting Fee	0.19	0.22

Notes:

a. In addition to above remuneration, whole time directors are allowed the use of staff cars including for private journeys up to a ceiling of 1000 kms. per month on payment in accordance with the Bureau of Enterprises Circular.

b. The remuneration did not include Provision for Leave, Gratuity and Post-Retirement Benefits as per revised Accounting standard-15 since the same were not ascertained for individual employees.(Refer Note No-38)

IV. Value of Raw Materials, Stores / spares and Components consumed during the year.

	2012-13			2011-12		
	Qty.	(₹ in Crores)	%	Qty.	(₹ in Crores)	%
i) Raw Material Gas consumed (MMSCM)						
- Indigenous	1158.85	2283.99	76.94	1425.55	2494.10	100
- Imported	179.62	684.69	23.06	-	-	-
Sub total	**1338.47**	**2968.68**	**100**	**1425.55**	**2494.10**	**100**
i) Stores, Spares Components Consumed						
- Indigenous		165.65	55.71		153.80	57.36
- Imported		131.69	44.29		114.34	42.64
Sub total		**297.34**	**100**		**268.14**	**100**
Total		**3265.53**			**2762.24**	

58. Other Quantitative details are given in **Annexure-D.**

59. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

N.K. Nagpal
Secretary

P.K. Jain
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For M/s M.L.Puri & Co.
Chartered Accountants
Firm No: 002312N

Navin Bansal
(Partner)
Membership No. 91922

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

Sandeep Gupta
(Partner)
Membership No. 413890

Place: New Delhi
Date : May 28, 2013

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(Annexure - A)

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2012-13

(₹ in Crores)

Sl. No	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING**	PETRO-CHEMICALS	LPG & LIQUID HYDRO-CARBONS	OTHER SEG-MENT***	UN-ALLOCABLE	TOTAL	ELI-MINATION	CONSOLI-DATED TOTAL
		NATURAL GAS	LPG								
1	**REVENUE**										
	External Sales/Other Income	3,066.55	293.92	35,595.56	3,743.68	4,433.71	199.26	-	47,332.68	-	47,332.68
	Intersegment sales	280.72	-	4,013.85	21.18	-	18.28	-	4,334.03	4,334.03	-
	Total revenue	**3,347.27**	**293.92**	**39,609.41**	**3,764.86**	**4,433.71**	**217.54**	**-**	**51,666.71**	**4,334.03**	**47,332.68**
2	**RESULTS**										
	Segment Result (Profit before Interest &Tax)	1,832.31	97.31	1,385.82	1,525.04	1,588.46	(102.17)	-	6,326.77	-	6,326.77
	Unallocated expenses (Net)							648.21	648.21	-	648.21
	Operating Profit	1,832.31	97.31	1,385.82	1,525.04	1,588.46	(102.17)	(648.21)	5,678.56	-	5,678.56
	Interest Expenses							195.02	195.02	-	195.02
	Interest/ Dividend Income							574.23	574.23	-	574.23
	Provision for Taxation							2,035.57	2,035.57	-	2,035.57
	Profit/(Loss) from Ordinary Activities	1,832.31	97.31	1,385.82	1,525.04	1,588.46	(102.17)	(2,304.57)	4,022.20	-	4,022.20
	Extra Ordinary Items	-	-	-	-	-	-		-	-	-
	Net Profit/(Loss)	**1,832.31**	**97.31**	**1,385.82**	**1,525.04**	**1,588.46**	**(102.17)**	**(2,304.57)**	**4,022.20**	**-**	**4,022.20**
3	**OTHER INFORMATION**										
	Segment Assets	21,730.04	849.88	-	2,155.54	1,339.73	864.35		26,939.54	-	26,939.54
	Unallocated Assets	-	-	-	-	-	-	17,744.64	17,744.64	-	17,744.64
	Total Assets	**21,730.04**	**849.88**	**-**	**2,155.54**	**1,339.73**	**864.35**	**17,744.64**	**44,684.18**	**-**	**44,684.18**
	Segment Liabilities	5,042.82	60.17	-	625.49	347.83	448.86		6,525.17	-	6,525.17
	Unallocated Liabilities							2,567.65	2,567.65	-	2,567.65
	Total Liabilities	**5,042.82**	**60.17**	**-**	**625.49**	**347.83**	**448.86**	**2,567.65**	**9,092.82**	**-**	**9,092.82**
	Cost to acquire fixed assets	4,572.49	18.76	-	108.92	(43.60)	192.40	34.73	4,883.70	-	4,883.70
	Depreciation*	583.79	48.76	-	168.35	78.60	77.46	23.98	980.94	-	980.94
	Non Cash expenses other than Depreciation*	111.97	0.06	78.90	6.62	(0.09)	(53.57)	(1.87)	142.02	-	142.02

Sales net off Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

*** Other Segment includes GAILTel, E&P, City Gas & Power Genration.

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(Annexure - A)

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2011-12

(₹ in Crores)

Sl. No	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING**	PETRO-CHEMICALS	LPG & LIQUID HYDRO-CARBONS	OTHER SEG-MENT***	UN-ALLOCABLE	TOTAL	ELI-MINATION	CONSOLI-DATED TOTAL
		NATURAL GAS	LPG								
1	**REVENUE**										
	External Sales/Other Income	3,564.31	454.21	29,670.79	3,377.53	3,090.24	123.66	-	40,280.74	-	40,280.74
	Inter segment sales	288.10	-	3,380.77	37.87	-	-	-	3,706.74	3,706.74	-
	Total revenue	3,852.41	454.21	33,051.56	3,415.40	3,090.24	123.66	-	43,987.48	3,706.74	40,280.74
2	**RESULTS**										
	Segment Result (Profit before Interest &Tax)	2,153.86	272.01	1,088.60	1,465.80	554.43	(196.42)	-	5,338.28	-	5,338.28
	Unallocated expenses (Net)							287.75	287.75	-	287.75
	Operating Profit	2,153.86	272.01	1,088.60	1,465.80	554.43	(196.42)	(287.75)	5,050.53	-	5,050.53
	Interest Expenses							116.46	116.46	-	116.46
	Interest/ Dividend Income							405.94	405.94	-	405.94
	Provision for Taxation							1,686.17	1,686.17	-	1,686.17
	Profit/(Loss) from Ordinary Activities	2,153.86	272.01	1,088.60	1,465.80	554.43	(196.42)	(1,684.44)	3,653.84	-	3,653.84
	Extra Ordinery items								-	-	-
	Net Profit/(Loss)	2,153.86	272.01	1,088.60	1,465.80	554.43	(196.42)	(1,684.44)	3,653.84	-	3,653.84
3	**OTHER INFORMATION**										
	Segment Assets	16,776.36	912.60	-	1,945.60	1,199.94	713.83		21,548.33	-	21,548.33
	Unallocated Assets	-	-	-	-	-	-	14,602.87	14,602.87	-	14,602.87
	Total Assets	**16,776.36**	**912.60**	**-**	**1,945.60**	**1,199.94**	**713.83**	**14,602.87**	**36,151.20**	**-**	**36,151.20**
	Segment Liabilities	3,570.07	118.63	-	326.36	414.60	362.12		4,791.78	-	4,791.78
	Unallocated Liabilities							2,618.08	2,618.08	-	2,618.08
	Total Liabilities	**3,570.07**	**118.63**	**-**	**326.36**	**414.60**	**362.12**	**2,618.08**	**7,409.86**	**-**	**7,409.86**
	Cost to acquire fixed assets	3,411.55	13.79	-	26.87	120.81	594.57	143.60	4,311.19	-	4,311.19
	Depreciation*	463.50	49.04	-	164.28	86.97	11.77	15.16	790.72	-	790.72
	Non Cash expenses other than Depreciation*	579.70	0.05	40.18	(4.61)	0.57	53.66	13.89	683.44	-	683.44

Sales net off Excise Duty
* Excluding Prior period adjustments
** Assets & Liability of Gas Trading Business included in Gas Transmission Business
*** Other Segment includes GAILTel, E&P, City Gas & Power Genration.

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(Annexure - B)

RELATED PARTY DISCLOSURES

I) Relationship

A) Joint Venture Companies/Associates

1) Mahanagar Gas Limited
2) Indraprastha Gas Limited
3) Petronet LNG Limited
4) Bhagyanagar Gas Limited
5) Tripura Natural Gas Corporation Limited
6) Central UP Gas Limited
7) Green Gas Limited
8) Maharashtra Natural Gas Limited
9) Avantika Gas Ltd.
10) GAIL China Gas Global Energy Holding Ltd.
11) ONGC Petro Additions Ltd (OPAL)
12) Gujrat State Energy Generation Ltd.
13) National Gas Company "Nat Gas"
14) Fayum Gas Company
15) China Gas Holdings Ltd.

B) Key Management Personnel

Whole time Directors(KMP):

1) Shri B C Tripathi ,Chairman and Managing Director
2) Shri R D Goyal
3) Shri S L Raina
4) Shri Prabhat Singh
5) Shri S Venkatraman
6) Shri P K Jain

C) Unincorporated Joint venture for Exploration & Production Activities:

1)	NEC - OSN - 97/1	(Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
2)	A-1, Myanmar	(Non-operator with participating interest: 8.5%)
3)	A-3, Myanmar	(Non-operator with participating interest: 8.5%)
4)	Offshore Midstream, Myanmar	(Non-operator with participating interest: 8.5%)
5)	CY-OS/2	(Non-operator with participating interest: 25%)
6)	RM-CBM-2005/III	(Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
7)	TR-CBM-2005/III	(Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
8)	MR-CBM-2005/III	(Non-operator with participating interest: 40%) GAIL has relinquished from the Block)
9)	AD-7, Myanmar	(Non-operator with participating interest: 10%) GAIL has relinquished from the Block)
10)	BLOCK-56, Oman	(Non-operator with participating interest: 25%) GAIL has relinquished from the Block)

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II) The following transactions were carried out with the related parties in the ordinary course of business:

A) Details relating to parties referred to in item no. I (A) above: **(₹ in Crores)**

		2012-13	2011-12
1)	Sales	**2,871.18**	2,159.69
2)	Amount receivable as at Balance Sheet Date for (1) above	**139.07**	84.43
3)	Purchases	**16,101.75**	11,319.88
4)	Amount payable as at Balance Sheet Date for (3) above	**730.83**	547.59
5)	Reimbursement for other expenditure received/receivable	**17.20**	10.62
6)	Amount receivable as at Balance Sheet Date for (5) above	**16.50**	5.98
7)	Dividend Income	**117.43**	77.50
8)	Other Income	**0.42**	0.45
9)	Provision Created against Debtors	**4.44**	28.20
10)	Provision Created against Debtors written back	**(20.54)**	-

B)I. Details relating to parties referred to in item no.- 1 (B) above **(₹ in Crores)**

		Key Management Personnel(KMP)		**Relatives of KMP**	
		2012-13	2011-12	**2012-13**	2011-12
1)	Remuneration	2.96	2.62	0.34	0.44
2)	Interest bearing outstanding loans receivable	0.32	0.45	-	-
3)	Interest accrued on loans given	0.18	0.18	-	-
4)	Self lease	0.11	0.14	0.00	0.03

* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites. In addition, whole time directors are allowed use of staff car including for private jouneys upt a ceiling of 1000 Kms per month on payment in accordance with the Bureau of Enterprises Circular

C) Details relating to parties referred to in item no. I (C) above: **(₹ in Crores)**

		2012-13	2011-12
1)	Minimum work program commitment	-	-
2)	Survey and other expenses	0.75	(13.34)
3)	Other assets	231.27	316.40
4)	Amount outstanding on Balance Sheet date	-10.47	28.73
5)	Amount written Off- Dry well expenditure	0.00	4.28

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(Annexure - C)

Disclosure as required by Clause 32 of the Listing Agreement

(₹ in Crores)

	Current Year		Previous Year	
	Amount as on 31.03.2013	**Maximum amount outstanding during the year ended 31.03.2013**	Amount as on 31.03.2012	**Maximum amount outstanding during the year ended 31.03.2012**
1 Loans and advances in the nature of loans:				
a To subsidiary Company: GAIL (Global) Singapore PTE Limited	**55.6**	**57.72**	57.32	59.68
b To Companies in which Directors are interested	**Nil**	**Nil**	Nil	Nil
c Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	**Repayment of Loan to be made till 23 September 2014 Rate of interest on loan is 6 months LIBOR+100 basis points.**		Repayment of Loan to be made till 23 September 2014 Rate of interest on loan is 6 months LIBOR+100 basis points.	
2 Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	**Nil**	**Nil**	Nil	Nil

Effective rate of interest on 31.03.2013 : 0.4449%+1.00%=1.4449%

1 Loans and advances in the nature of loans:				
a To subsidiary Company: GAIL (Global) USA inc	**Nil**	**Nil**	Nil	274.87
b To Companies in which Directors are interested	**Nil**	**Nil**	Nil	Nil
c Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	**NA**		Rate of interest on loan was 6 months LIBOR+200 basis points+withholding tax	
Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	**Nil**	**Nil**	Nil	Nil

Effective rate of interest during the year 31.03.2012 : 0.5578%+2.00%=2.5578%

1 Loans and advances in the nature of loans:				
a To Joint Venture Company: Bhagyanagar Gas Limitd	**75**	**75**	60	60
b To Companies in which Directors are interested	**Nil**	**Nil**	Nil	Nil
c Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	**Repayment of Loan is schdule in Five monthly installment starting from July'2012.**		Repayment of Loan is schdule in Five monthly installment starting from July'2012.	
2 Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	**Nil**	**Nil**	Nil	Nil

Effective rate of interest during the year 31.03.2012 : 10%, 13%,SBIPLR+1%. and on default rate is SBIPLR+1% & Interest on O.S Interest 18%.

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(Annexure - D)

I. Quantitative Information

(Value ₹ in Crores)

S. No.	PARTICULARS	OPENING STOCK		PURCHASES		SALES		INTERNAL CONSUMPTION		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
1	Natural Gas including RLNG (MMSCM)										
	Year Ended 31.03.2013	**339.96**	**791.93**	**29775.10**	**38137.13**	**27444.73**	**37552.12**	**2281.01**	**4294.57**	**319.84**	**782.18**
	Year Ended 31.03.2012	221.96	306.77	30893.37	32417.13	28446.55	31749.98	2359.97	3668.87	339.96	791.93
2	LPG (M/T)										
	Year Ended 31.03.2013	**7047.99**	**12.16**			**1074633.77**	**2902.32**			**9956.33**	**20.66**
	Year Ended 31.03.2012	5218.47	7.95	-	-	1124673.52	1661.60	-	-	7047.99	11.65
3	Pentane (M/T)										
	Year Ended 31.03.2013	**196.63**	**0.68**			**19910.82**	**125.67**			**885.86**	**2.04**
	Year Ended 31.03.2012	626.54	2.86	-	-	23491.24	140.36	-	-	196.63	0.68
4	Propane (M/T)										
	Year Ended 31.03.2013	**3199.69**	**5.47**			**127906.16**	**821.05**			**3416.02**	**8.87**
	Year Ended 31.03.2012	3256.29	6.50	-	-	146155.37	776.77	-	-	3199.69	5.47
5	SBP Solvent (M/T)										
	Year Ended 31.03.2013	**0.00**	**0.00**			**0.00**	**0.00**			**0.00**	**0.00**
	Year Ended 31.03.2012	79.34	0.13	-	-	2075.44	11.90	-	-	0.00	0.00
6	Naptha (MT)										
	Year Ended 31.03.2013	**546.75**	**0.86**			**147694.87**	**788.55**			**841.63**	**1.76**
	Year Ended 31.03.2012	802.30	1.58	-	-	143913.30	686.58	-	-	546.75	0.86
7	Polymers (M/T)										
	Year Ended 31.03.2013	**8110.26**	**32.47**			**427444.89**	**3963.39**	**5558.36**		**16157.91**	**76.59**
	Year Ended 31.03.2012	15155.10	48.72	-	-	448164.12	3567.21	4914.41	-	8110.26	32.47
8	C2/C3 (M/T)*										
	Year Ended 31.03.2013	**4245.74**	**6.89**			**-**	**-**			**2471.45**	**5.44**
	Year Ended 31.03.2012	1307.75	1.95	-	-	-	-	-	-	4245.74	6.89
9	Ethylene (M/T)*										
	Year Ended 31.03.2013	**1724.94**	**4.14**							**834.55**	**2.75**
	Year Ended 31.03.2012	776.56	1.73	-	-	-	-	-	-	1724.94	4.14
10	Butene-1 (M/T)*										
	Year Ended 31.03.2013	**469.65**	**1.64**							**229.59**	**1.01**
	Year Ended 31.03.2012	85.70	0.31	-	-	-	-	-	-	469.65	1.64
11	Crude Oil (MT)										
	Year Ended 31.03.2013	646.20	0.64			21325.92	78.22			589.25	0.41
	Year Ended 31.03.2012	515.11	0.34			22542.37	81.19			646.20	0.64
12	CNG(000'KG)										
	Year Ended 31.03.2013					**17624.07**	**65.43**				
	Year Ended 31.03.2012	-	-	-	-	12515.21	42.79	-	-	-	-
13	Power (KWH)										
	Year Ended 31.03.2013					201563788	60.14				
	Year Ended 31.03.2012					4213238.00	1.22				
14	Other Products (M/T)										
	Year Ended 31.03.2013	**4602.56**	**32.19**			**47258.57**	**240.30**	**9090.88**		**6730.29**	**40.56**
	Year Ended 31.03.2012	3111.24	10.64		-	38584.90	158.88	12428.74		4602.56	32.19

Note : (i) Difference in reconciliation of opening stock, purchase, sales and closing stock is on account of measurement tolerance
(ii) Natural Gas used for Fuel & Raw Material.
(*) Ethylene, Butene 1 and C2/C3 are consumed internally for manufacture of final products at PATA

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II. Licensed Capacity, Installed Capacity and Actual Production*

	CURRENT YEAR 2012-13				PREVIOUS YEAR 2011-12			
	Licensed Capacity	**Installed Capacity**	**Gas Throughput**	**Production**	Licensed Capacity	Installed Capacity	Gas Throughput	Production
i) Natural Gas including RLNG (MMSCMD)								
a) HVJ, DVPL, SG & DUPL - DPPL, KMBL	**175.66**	**175.66**	**89.44**	**-**	137.66	137.66	105.15	-
b) Others	**34.68**	**34.68**	**15.06**	**-**	34.67	34.67	12.47	-
ii) LPG (M/T)	**1170376**	**1112373**	**-**	**1077866**	1170376	1112373	-	1124341
iii) Propane (M/T)	**201085**	**201085**	**-**	**129570**	201,085.00	201,85.00	-	146015
iv) Ethylene (M/T)	**400000**	**446000**		**448534**	400,000.00	446,000.00		457080
v) HDPE/LLDPE (M/T)	**410000**	**410000**		**441051**	410,000.00	410,000.00		446,041.00
vi) Pentane	**73545**	**73545**	**-**	**20739**	80,605.00	80,605.00	-	23,144.19
vii) SBP Solvent / Naptha	**127773**	**127773**		**147988**	120,714.00	120,714.00	-	144165
viii) CNG (000'KG)	**-**	**-**		**17644**	-	-		12515208
ix) C2/C3**	**-**	**562800**	**-**	**624862**	-	562800	-	635271
x) Butene-1***	**10,000.00**	**10000**	**-**	**10004**	10000	10000	-	10097

Note : *As certified by the company and relied upon by auditors
** Internally consumed
*** Internally consumed

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Cash Flow Statement for the Financial Year Ended 31st March, 2013

(₹ in Crores)

		2012-13		2011-12	
A. CASH FLOW FROM OPERATING ACTIVITIES					
1	Net Profit Before Tax and Extraordinary Items		**6057.77**		5340.01
2	Add :				
	Depreciation	**1020.19**		791.94	
	Capital Reserve	**(0.11)**		(0.11)	
	Exchange Rate Variation on Loan to Subsidiary	**(1.77)**		(0.28)	
	Interest Expenditure	**195.02**		116.46	
	Dividend Income on Investments	**(382.58)**		(252.40)	
	Interest Income	**(193.73)**		(174.82)	
	Provision for Employees Benefits	**271.16**		51.08	
	Provision for Doubtful Debts	**(51.96)**		360.49	
	Provision for Probable Obligations	**106.94**		37.93	
	Other Provisions	**15.79**		(4.43)	
	Provision / Writte off of Assets / CWIP	**137.60**		152.31	
	Profit / Loss on Sale of Investment	**0.00**		0.10	
	Profit / Loss on Sale of Assets (Net)	**10.34**		2.89	
			1126.89		1081.16
3	Operating Profit Before Working Capital Changes (1 + 2)		**7184.66**		6421.17
4	Changes in Working Capital (Excluding Cash & Bank Balances)				
	Trade and Other Receivables	**(1611.22)**		(1259.36)	
	Inventories	**(124.40)**		(564.63)	
	Trade and Other Payables	**1097.27**		1315.90	
			(638.35)		(508.09)
5	Cash Generated from Operations (3+4)		**6546.31**		5913.08
6	Direct Taxes Paid		**(1512.90)**		(1425.34)
NET CASH FROM OPERATING ACTIVITIES (5+6)			**5033.41**		4487.74
B. CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of Fixed Assets	**(5500.18)**		(6680.50)	
	Sale of Fixed Assets	**3.34**		62.28	
	Sale of Investments	**9.59**		1.07	
	Investment in Other Companies	**(415.81)**		(895.31)	
	Loans & Advances to Related Parties	**(187.45)**		(71.10)	
	Interest Received	**235.78**		189.60	
	Dividend Received	**382.58**		252.40	
NET CASH FROM INVESTING ACTIVITIES			**(5472.15)**		(7141.56)

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(₹ in Crores)

	2012-13		2011-12	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	**3971.64**		3373.85	
Repayment of Long Term Borrowings	**(478.73)**		(337.00)	
Proceeds from Short Term Borrowings	**223.74**			
Interest Paid	**(421.37)**		(329.94)	
Dividend & Dividend Tax Paid	**(1429.93)**		(1253.11)	
NET CASH FROM FINANCING ACTIVITIES		**1865.35**		1453.80
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**1426.61**		(1200.02)
CASH AND CASH EQUIVALENTS AS AT 01.04.2012 (OPENING BALANCE)		**931.33**		2131.35
CASH AND CASH EQUIVALENTS AS AT 31.03.2013 (CLOSING BALANCE)		**2357.94**		931.33

NOTES :

1 Cash & Cash Equivalents include :

Cash & Bank Balances As per Balance Sheet	**2357.94**	**931.33**
Unrealised (Gain)/ loss on foreign Exchange	**0.00**	**0.00**
Total Cash & Cash Equivalents	**2357.94**	**931.33**

2 Cash & Cash Equivalents includes earmarked balance of ₹ 660.96 Crores (Previous year ₹ 865.52 Crores), Refer Note 19.

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

For **M/s M L Puri & Co.**
Chartered Accountants
Firm No: 002312N

Navin Bansal
(Partner)
Membership No. 91922

For **M/s Rasool Singhal & Co.**
Chartered Accountants
Firm No: 500015N

Sandeep Gupta
(Partner)
Membership No. 413890

Place : New Delhi
Dated : May 28, 2013

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Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to Company's interest in the Subsidiary Company

(₹. in Crores)

Name of the subsidiary Company		GAIL Global Singapore (Pte) Limited	Brahmputra Cracker & Polymer Limted	GAIL Gas Limited	GAIL Global USA Inc
1	The financial year of the subsidiary Company ended on	31.03.2013	31.03.2013	31.03.2013	31.12.2012
2	Date from which it became subsidiary Company	14.09.2004	08.01.2007	27.05.2008	26.09.2011
3a)	Number of Shares held by GAIL (India) Limited alongwith its nominees in the subsidiary at the end of financial year of the subsidiary company	2,100,000 equity shares of USD 1 per share	74,05,65,173 equity shares of Rs. 10 per share	24,43,51,265 equity shares of Rs. 10 per share	36,000,000 equity shares of USD 1 per share
3b)	Extent of Shareholding	100%	70%	100%	100%
4	The net aggregate amount of Subsidiary Company profit so far it concerns the members of Holding Company:				
a)	Not dealt within the Holding Company Accounts:				
	i) for the financial year ended 31.03.2013 (Rs in crores)	4.93	-14.64	27.01	14.28
	ii) for previous financial years of the subsidiary company since it became the holding company subsidiary	9.83	Nil	8.34	1.27
b)	Dealt within the Holding Company Accounts:				
	i) for the financial year ended 31.03.2013	Nil	Nil	Nil	Nil
	ii) for previous financial years of the subsidiary company since it became the holding company subsidiary	Nil	Nil	Nil	Nil

N. K. Nagpal
Secretary

P.K Jain
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing Director

Place : New Delhi
Dated : May 28, 2013

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Schedule of Fixed Assets (Township)

(₹. in Lakhs)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions/ Adjustments during the Year	Sales/ Adjustments during the Year	As at 31.03.2013	As at 01.04.2012	For The Year	Adjustments during the year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
LAND : FREEHOLD	2,876.20	-	-	2,876.20	107.53	-	-	107.53	2,768.67	2,768.67
LAND : LEASEHOLD	375.81	-	-	375.81	133.77	15.01	-	148.78	227.03	242.04
BUILDING, ROADS ETC.	25,954.55	2,873.06	(9.50)	28,837.11	7,154.98	484.26	(4.15)	7,635.09	21,202.02	18,799.57
DRAINAGAE, SEWAGE & WATER SUPPLY SYS .ETC.	1,176.81	11.05	9.51	1,178.35	883.46	47.82	-	931.28	247.07	293.35
FURNITURE, FIXTURES & OTHER EQP.	1,639.24	265.27	76.47	1,828.04	964.10	134.90	(16.14)	1,082.86	745.18	675.14
TRANSPORT EQUIPMENTS	23.86	-	-	23.86	5.97	1.09	-	7.06	16.80	17.89
TOTAL	**32,046.47**	**3,149.38**	**76.48**	**35,119.37**	**9,249.81**	**683.08**	**(20.29)**	**9,912.60**	**25,206.77**	**22,796.66**

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Income and Expenditure Account

FOR THE YEAR ENDED 31ST MARCH,2013
ON PROVISIONS OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES.

(₹. in Lakhs)

S.NO.	PARTICULARS	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
	INCOME		
1	RECOVERY OF HOUSE RENT	340.73	167.40
2	RECOVERY OF UTILITIES	215.46	200.73
3	OTHER RECOVERIES	18.62	6.18
4	EXCESS OF EXPENDITURE OVER INCOME	4,788.12	4,272.51
	TOTAL	**5,362.93**	**4,646.82**
	EXPENDITURE		
1	SALARIES,WAGES & PF CONTRIBUTION	705.90	959.66
2	CONSUMABLES, STORES & MEDICINES	47.20	35.64
3	SUBSIDIES FOR SOCIAL & CULTURAL ACTIVITIES	158.43	139.79
4	REPAIRS & MAINTENANCE	1,395.48	946.54
5	DEPRECIATION	683.08	664.53
6	UTILITIES:POWER,GAS & WATER	1,098.10	922.92
7	LAND RENT	16.08	17.75
8	WELFARE - SCHOOL	639.85	201.71
9	BUS HIRE CHARGES	181.84	168.91
10	CLUB & RECREATION	10.93	4.46
11	MISC EXPENSES - TAXES,LICENSE FEES,INS ETC.	202.19	353.83
12	HORTICULTURE EXPENSES	223.85	231.08
	TOTAL	**5,362.93**	**4,646.82**

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GAIL (INDIA) LIMITED FOR THE YEAR ENDED 31ST MARCH 2013.

The preparation of financial statements of GAIL (India) Limited for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28thMay 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of GAIL (India) Limited for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors'report under Section 619(4) of the Companies Act, 1956.

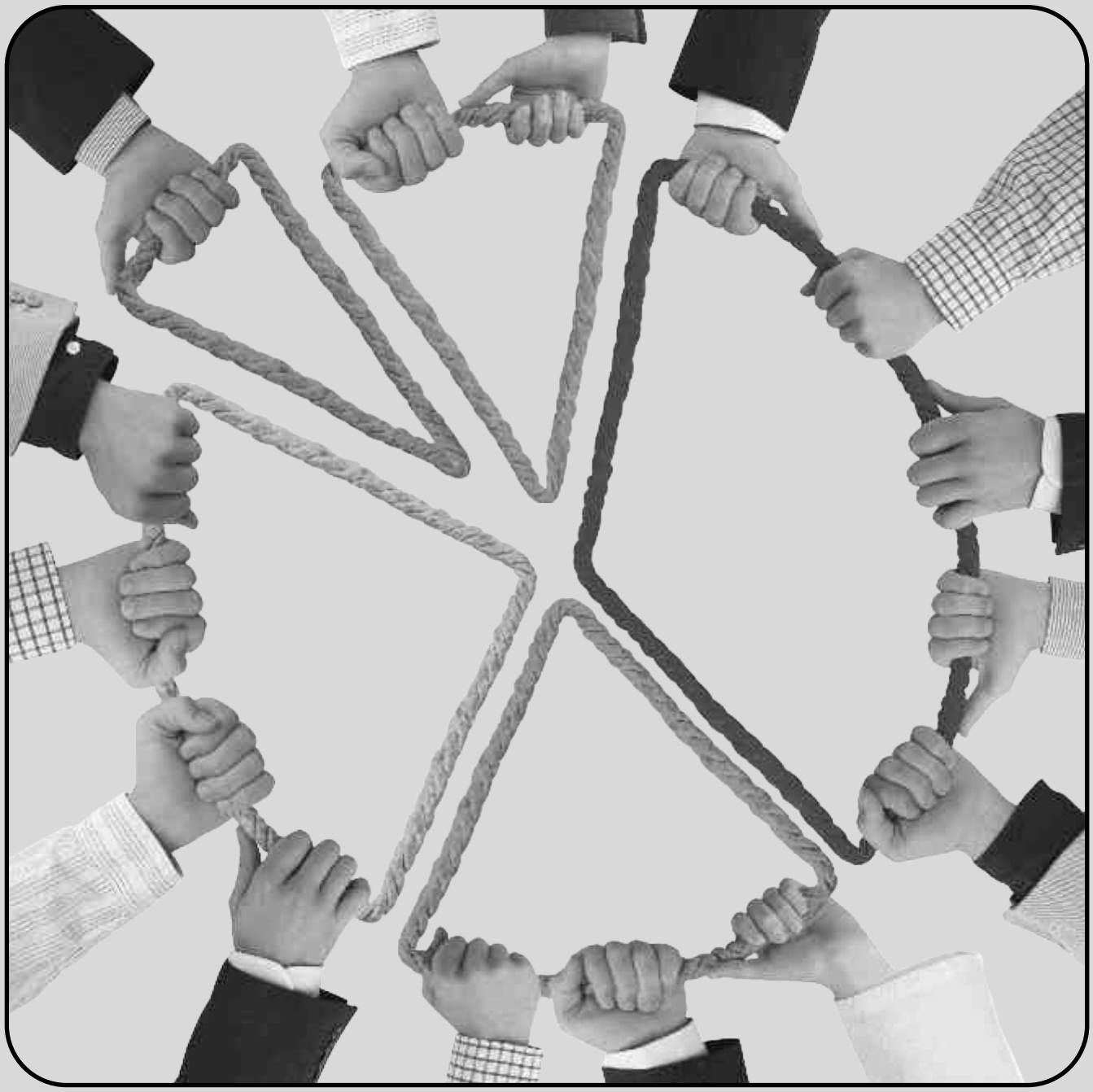
For and on behalf of the
Comptroller & Auditor General of India

(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - II,
New Delhi

Place: New Delhi
Date :05.07.2013

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Consolidated Financial Statement



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INDEPENDENT AUDITOR'S REPORT

To the Members of GAIL (India) Limited

Report on the Consolidated Financial Statements

1. We have audited accompanying consolidated financial statements of GAIL (India) Ltd. (the "Company") and its subsidiaries, joint ventures and associates (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanation gives to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, give a true and fair view in conformity with the accounting principles generally accepted in India:
 (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statements of subsidiaries, namely, GAIL Global (Singapore) Pte. Ltd., GAIL Global (USA) Inc., Bramhaputra Cracker & Polymers Ltd. and GAIL Gas Ltd., whose financial statements reflect total assets of ₹ 8,362.77 crores as at March 31, 2013, total revenue of ₹ 1,019.28 crores and net cash flows of ₹ 65.46 crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of the subsidiaries, is based solely on the reports of the other auditors.
7. We did not audit the financial statements of associates, namely, Fayum Gas, Gujarat State Energy Generation, Natural Gas Company "NATGAS" and China Gas Holding Limited. These financial statements have been audited by other auditors, except for Gujarat State Energy Generation and China Gas Holding Ltd. whose financial statements are unaudited. In the case of audited financial statements, the reports or certificate have been furnished to us. Our opinion, in so far as it relates to the amount included in respect of these associates, is based solely on the reports of the other auditors and unaudited financial statements, as the case may be.
8. In respect of GAIL Global (USA) Inc., Fayum Gas and NATGAS, the Accounts drawn up as at December 31, 2012 and in respect of China Gas Holding Limited, the Accounts drawn up to September 30, 2012, have been used in the consolidation. As per information and explanations given to us, no significant transactions or other events occurred between the reporting date of aforesaid entities and 31st March, 2013, which require adjustment.
9. We did not audit the financial statements of Joint Ventures, whose financial statement reflect total assets of ₹ 44,019.12 crores, total liabilities of ₹ 44,019.12 crores as at March 31, 2013 and total revenue of ₹ 39,431.73 crores, total expenditure of ₹ 36,995.70 crores for the year ended on that date. Our opinion, in so far as it relates to the amount included in respect of these joint ventures, is based on the unaudited Financial Statements except for Petronet LNG Ltd. & Green Gas Limited whose audited financial statements reflects total assets of ₹ 11,235.55 crores, total liabilities of ₹ 11,235.55 crores as at March 31, 2013 and total revenue of ₹ 31,679.95 crores, total expenditure of ₹ 29,928.44 crores for the year ended on 31st March 2013.
10. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, viz, "Consolidated Financial Statements" Accounting Standard (AS) 23, viz "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, viz "Financial Reporting of Interests in Joint Ventures", as notified under Companies Accounting Standards Rules, 2006.

Our opinion is not qualified in respect of other matters.

For **M.L.Puri& Co.**
Chartered Accountants
Firm No.: 002312N

Navin Bansal
(Partner)
Membership No.:91922

For **Rasool Singhal & Co.**
Chartered Accountants
Firm No.: 500015N

Sandeep Gupta
(Partner)
Membership No.:413890

Place : New Delhi
Dated : May 28, 2013

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Consolidated Balance Sheet as at 31st March, 2013

(₹. in Crores)

	Note NO.	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	**1,268.48**	1,268.48
b) Reserves and Surplus	2	**27,526.18**	23,646.05
		28,794.66	24,914.53
(2) Minority Interest		**1,456.62**	981.99
(3) Non Current Liabilities			
a) Long Term Borrowings	3	**13,168.36**	9,340.96
b) Deferred Tax Liability (Net)	47	**2,426.49**	1,864.99
c) Other Long-term Liabilities	4	**749.84**	311.79
d) Long-term Provisions	5	**368.32**	346.22
		16,713.01	11,863.96
(4) Current Liabilities			
a) Short Term Borrowings	6	**2,332.70**	1,512.31
b) Trade Payables	7	**3,418.77**	2,679.96
c) Other Current Liabilities	8	**5,413.44**	4,657.99
d) Short-term Provisions	9	**1,657.35**	1,260.81
		12,822.26	10,111.07
	TOTAL	**59,786.55**	47,871.55
II. ASSETS			
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	10	**23,567.99**	19,846.06
(ii) Intangible Assets	10	**735.41**	311.20
(iii) Capital Work in Progress	11	**18,376.08**	14,704.52
		42,679.48	34,861.78
b) Non-current Investments	12	**999.93**	1,034.53
c) Long-term loans and advances	13	**4,243.34**	3,121.30
d) Other non-current assets	14	**684.98**	302.79
		48,607.73	39,320.40

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(₹. in Crores)

	Note NO.	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
(2) Current Assets			
a) Current Investments	15	**253.59**	148.90
b) Inventories	16	**1,897.78**	1,725.65
c) Trade receivables	17	**2,767.23**	2,269.13
d) Cash and cash equivalents	18	**3,064.62**	1,446.22
e) Short-term loans and advances	19	**3,104.39**	2,745.85
f) Other current assets	20	**91.21**	215.40
		11,178.82	8,551.15
	TOTAL	**59,786.55**	47,871.55

The accompanying notes 1 to 52 form an integral part of Financial Statements.

For and on behalf of the Board of Directors

N.K.Nagpal	**P.K.Jain**	**R. D. Goyal**	**B. C. Tripathi**
Secretary	Director(Finance)	Director (Projects)	Chairman & Managing Director

As per our separate Report of even date

For **M/S M L Puri & Co.**
Chartered Accountants
Firm No. 02312 N

Navin Bansal
(Partner)
Membership No. 91922

For **M/S Rasool Singhal & Co..**
Chartered Accountants
Firm No. 500015 N

Sandeep Gupta
(Partner)
Membership No. 413890

Place : New Delhi
Dated : May 28, 2013

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Consolidated Statement of Profit & Loss for the year ended 31st March, 2013

(₹. in Crores)

	Note NO.	YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
I. Revenue from Operations (Gross)	21		**51,939.58**		44,903.86
Less: Excise Duty			**(845.15)**		(678.91)
Revenue from Operations (Net)			**51,094.43**		44,224.95
II. Other Income	22		**829.28**		698.37
III. **Total Revenue (I+II)**			**51,923.71**		44,923.32
IV. Expenses					
Raw Material consumed			**3,055.47**		2,797.76
Purchase			**35,022.49**		29,304.73
(Increase) / decrease in Inventories of Finished Goods, Work in Progress & Stock in trade					
Opening Stock		**890.54**		392.78	
Less : Closing Stock		**(948.33)**		(890.54)	
			(57.79)		(497.76)
Employee benefits expense	23		**851.40**		698.12
Finance Cost	24		**437.31**		366.43
Depreciation and amortization expenses	25		**1,318.68**		1,040.59
Other Expenses	26		**4,738.30**		4,858.61
Total Expenses			**45,365.86**		38,568.48
V. Profit before Tax			**6,557.85**		6,354.84
VI. Tax Expenses					
1. Current Tax					
- Current Year			**1,720.29**		1,681.35
- Earlier Year			**(33.17)**		122.33
2. Deferred Tax			**554.06**		150.33
Total tax expenses			**2,241.18**		1,954.01
VII. Profit after Tax			**4,316.67**		4,400.83
Add : Share of Profit / (Loss) in Associated for the year			**50.66**		42.78
Less : Share of Minority			**(6.27)**		-
VIII. Group Profit after Tax			**4,373.60**		4,443.61
Details of Earning Per Share (Face Value ₹ 10/- each)					
- Basic Earning Per Share (₹.)			**34.48**		35.03
- Diluted Earning Per Share (₹.)			**34.48**		35.03
Expenditure during Construction Period	27				
Prior Period Adjustments	28				

The accompanying notes 1 to 52 form an integral part of Financial Statements.

There are no exceptional or extraordinary items or discontinuing operations in the above period.

For and on behalf of the Board of Directors

N.K.Nagpal	**P.K.Jain**	**R. D. Goyal**	**B. C. Tripathi**
Secretary	Director(Finance)	Director (Projects)	Chairman & Managing Director

As per our separate Report of even date

For **M/S M L Puri & Co.**
Chartered Accountants
Firm No. 02312 N

Navin Bansal
(Partner)
Membership No. 91922

For **M/S Rasool Singhal & Co..**
Chartered Accountants
Firm No. 500015 N

Sandeep Gupta
(Partner)
Membership No. 413890

Place : New Delhi
Dated : May 28, 2013

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Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Note 1 : Share Capital

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
AUTHORISED		
200,00,00,000 (Previous Year : 200,00,00,000) Equity Shares of ₹.10/-each.	**2,000.00**	2,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
126,84,77,400 (Previous Year : 126,84,77,400) Equity Shares of ₹.10/- each fully paid up.	**1,268.48**	1,268.48
TOTAL	**1,268.48**	1,268.48

a) Details of Shareholders holding more than 5% shares in the company

	31ST MARCH, 2013		31ST MARCH, 2012	
	Numbers	**% Holding**	Numbers	% Holding
Equity shares of ₹.10/- each fully Paid Up				
(i) President of India (Promoter)	**727,405,675**	**57.34%**	727,405,675	57.34%
(ii) Life Insurance Corporation of India	**95,124,727**	**7.49%**	91,927,049	7.25%

b) The Company has only one class of equity shares having a par value Rs.10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.

c) 132,98,622 shares are held in the form of Global Dipository Receipts

d) During the year 2008-09, the company had issued 42,28,25,800 Bonus Equity shares of ₹.10/- each out of General Reserve.

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Note 2 : Reserves and Surplus **(₹. in Crores)**

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
Capital Reserve				
As per Last Financial Statements	**1,503.54**		885.99	
Add : Transferred from statement of Profit & Loss / Fund received	**1,098.31**		617.66	
Less : Transferred to statement of Profit & Loss	**(0.11)**	**2,601.74**	(0.11)	1,503.54
Share Premium Account		**14.70**		14.70
Investment Allowance (Utilised) Reserve				
As per Last Financial Statements	**-**		17.87	
Less : Transferred to General Reserve	**-**	**-**	(17.87)	-
Bonds Redemption Reserve				
As per Last Financial Statements	**173.64**		197.71	
Add : Transferred from statement of Profit & Loss	**54.57**		30.93	
Less : Transferred to statement of Profit & Loss	**(55.00)**		(55.00)	
		173.21		173.64
CSR Reserve				
As per Last Financial Statements	**-**		-	
Add : Transferred from statement of Profit & Loss	**13.13**		-	
Less : Transferred to statement of Profit & Loss	**-**	**13.13**	-	-
Foreign Currency Monetary Item Translation Difference Account		**2.00**		1.35
General Reserve				
As per Last Financial Statements	**2,919.72**		2,598.32	
Add : Transferred from Investment Allowance(Utilised) Reserve	**-**		17.87	
Add : Transferred from statement of Profit & Loss	**431.45**		392.53	
Add : Adjustment due Joint Venture Regrouping (Refer Note No - 42 of Other Notes to accounts)	**(174.63)**		(89.00)	
		3176.54		2919.72
Foreign Currency Translation Reserve		**25.98**		13.88
Surplus in the Statement of Profit & Loss				
As per Last Financial Statements	**19,019.22**		16,229.93	
Add : Transferred from statement of Profit & Loss	**4,373.60**		4,443.61	
Less : Adjustment due Dividend Received from Associate	**(9.02)**		(3.27)	
Less: -Appropriations				
Interim Dividend	**507.39**		380.54	
Proposed Final Dividend	**710.35**		723.03	
Corporate Dividend Tax	**203.03**		179.02	
Transfer from Bond Redemption Reserve	**(55.00)**		(55.00)	
Transfer to Bond Redemption Reserve	**54.57**		30.93	
Transfer to CSR Reserve	**13.13**		-	
General Reserve	**431.45**		392.53	
		21518.88		19019.22
TOTAL		**27,526.18**		23,646.05

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Note 3 : Long Term Borrowings **(₹. in Crores)**

	Non-current Portion		Current Maturities	
	AS AT 31st March 2013	AS AT 31st March 2012	**AS AT 31st March 2013**	AS AT 31st March 2012
SECURED				
(a)BONDS				
Bonds Series - I (6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8th year upto the end of the 12th year from the deemed date of allotment August 22, 2003.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant andVadodara plant both present and future and whether installed or not and lying or in store)	**200.00**	300.00	**100.00**	100.00
Bonds Series - II (5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6th year upto the end of the 10th year from the deemed date of allotment March 25, 2004).(Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)	**-**	120.00	**120.00**	120.00
Bonds 2010 Series - I (8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installment commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year).(Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)	**500.00**	500.00	**-**	-
Bond series 2012 (9.14% Secured Non-convertible redeemable Bonds 2012 -Series - I are redeemable in 4 equal installment commencing from the end of the 5th year upto the end of the 8th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5th year). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire buildingconstructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)	**750.00**	-	**-**	-

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(₹. in Crores)

	Non-current Portion		Current Maturities	
	AS AT 31st March 2013	AS AT 31st March 2012	**AS AT 31st March 2013**	AS AT 31st March 2012
(b) TERM LOANS				
Loan from HDFC Bank (Secured by way of first pari-passu charge on all the movable fixed assets, including whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present and future, whether now lying loose or in cases or which are now lying or stored in or whether in the course of transit or on high seas, of the Dahej - Vijaypur Phase-II Pipeline project of the Borrower) excluding the plant & Machinery of compresor station at Jhabua and Vijaipur) Repayable within a period of 12 years from the date of first disbursement by equal half yearly instalments starting 6 months after the completion of 2 years moratorium period from 05.05.2013.	**675.00**	375.00	**-**	-
Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Chainsa-Jhajjar-Hissar Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possion of borrwer and either by way of substitution or addition). Repayable in four equal instalments after expiary of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2009 to March 2011 with rate of interest from 6.74% to 8.31% p.a. depending on date of disbursement.	**358.50**	596.00	**237.50**	237.50
Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dadri– Bawana--Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery , howsoever or wheresoever in the possession of borrower and either by way of substitution or addition) Repayable in four equal instalments after expiary of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to March 2013 with rate of interest from 8.50% to 8.98% p.a. depending on date of disbursement.	**996.25**	675.00	**168.75**	**-**
- From Banks	**3,079.59**	2,885.67	**136.72**	116.23
- From Others	**1603.20**	1560.73	**106.06**	78.63
	8,162.54	7,012.40	**869.03**	652.36

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(₹. in Crores)

	Non-current Portion		Current Maturities	
	AS AT 31st March 2013	AS AT 31st March 2012	**AS AT 31st March 2013**	AS AT 31st March 2012
UNSECURED				
(a) TERM LOANS				
From Banks :				
- Bank of Tokyo Mitsubishi UFJ Ltd.	**549.90**	516.30	**-**	-
(1/3rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Dec 2015, Dec 2016 & Dec 2017) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread.				
- Bank of Tokyo Mitsubishi UFJ Ltd.	**824.85**	774.45	**-**	-
(Bullet repayment at the end of the 5th year from the last date of 'drawl i.e Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR. plus spread)				
- Mizuho Corporate Bank	**549.90**	516.30	**-**	-
(1/3rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Jan 2016, Jan 2017 & Jan 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).				
- Sumitomo Mitsui Banking Corporations	**549.90**	516.30	**-**	-
(1/3rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Feb 2016, Feb 2017 & Feb 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).				
-Japan bank for International Co-operation(JBIC)	**189.34**	-	**31.85**	-
Repayable in 20 half yearly equal Instalments starting from June'2013				
- Sumitomo Bank	**1,649.70**	-	**-**	-
(1/2 repayment at the end of the 5th & 6th year from the last date of drawl i.e Nov 2017, Nov 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).				
- Society General	**347.44**	-	**40.88**	-
(Repayment in 20 half yearly equal Instalments starting from 22nd October 2012)				
(b) Others				
- Sales Tax Deferred	**4.89**	5.21	**-**	-
- Other Unsecured	**339.90**	-	**29.50**	-
	5,005.82	2,328.56	**102.23**	-
Total	**13,168.36**	9,340.96	**971.26**	652.36

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Note 4 : Other Long Term Liabilities

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Trade Payable	**4.10**	4.38
Gas Pool Money (Provisional)	**584.47**	234.01
Others :		
Liability for Abandonment Cost (E&P)	**1.13**	1.13
Deposits & Others long term liabilities	**160.14**	72.27
TOTAL	**749.84**	311.79

Note 5 : Long Term Provisions

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Provision for Employee Benefits (incl. Gratuity)	**363.36**	341.62
Other Provisions	**4.96**	4.60
TOTAL	**368.32**	346.22

Note 6 : Short Term Borrowings

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Unsecured Loans	**2,332.70**	1,512.31
TOTAL	**2,332.70**	1,512.31

Note 7 : Trade Payables

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Trade Payables	**3,418.77**	2,679.96
[Includes Rs. 25.77 Cr. (Previous Year : Rs. 47.06 Cr.) Payable to JV Consortium]		
TOTAL	**3,418.77**	2,679.967

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Note 8 : Other Current Liabilities

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
(a) Current Maturity of Long Term Debt (Refer Note No. - 3)		
(i) SECURED	**869.03**	652.36
(ii) UNSECURED	**102.23**	-
(b) Interest accrued but not due	**128.39**	45.09
(c) Unpaid Dividend	**3.47**	3.23
(d) Others		
Advances / Deposits from Customers	**189.72**	154.43
Deposits/Retention Money from Contractors and others	**815.47**	786.21
Gas Pool Money	**598.89**	818.83
Imbalance & Overrun Charges	**60.28**	31.67
Other Liabilities	**2,645.96**	2,166.17
TOTAL	**5,413.44**	4,657.99

Note 9 : Short-term provisions

(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Provision for Employee Benefits	**274.92**	23.15
Others :		
Provision for Proposed Dividend	**710.35**	723.03
Provision for tax on Proposed Dividend	**120.72**	117.29
Provison for Probable Obligations	**332.74**	225.80
Other Provisons	**218.62**	171.54
TOTAL	**1,657.35**	1,260.81

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Note 10 : Fixed Assets (Tangible / Intangibles Assets)

(₹. in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2013	As at 01.04.2012	For the Year ##	Adjustments during the year	As at 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Assets										
Land : Freehold	155.58	29.37	-	184.95	-	-	-	-	184.95	155.58
Leasehold	374.64	69.52	4.07	440.09	30.99	10.40	0.38	41.01	399.08	343.65
Building : Office/Others	641.36	115.11	1.77	754.70	176.14	20.76	0.06	196.84	557.86	465.22
Residential	331.71	36.71	0.61	367.81	75.51	6.24	1.92	79.83	287.98	256.20
Roads and Fences	11.75	(0.41)	0.66	10.68	0.60	0.09	0.02	0.67	10.01	11.15
Electrical Installations	1.41	2.07	(0.55)	4.03	0.38	0.22	-	0.60	3.43	1.03
Bunk Houses	2.16	0.56	0.26	2.46	1.80	0.24	0.20	1.84	0.62	0.36
Plant and Machinery	28,851.50	4,421.06	38.13	33,234.43	10,960.41	1,161.53	(13.84)	12,135.78	21,098.65	17,891.09
Railway Lines & Sidings	5.47	-	-	5.47	5.17	-	-	5.17	0.30	0.30
Communication Systems	6.75	0.69	0.27	7.17	4.21	0.61	0.28	4.54	2.63	2.54
Electrical Equipments	220.95	29.81	2.36	248.40	92.67	12.41	6.72	98.36	150.04	128.28
Furniture, Fixtures and other Equipments	190.35	33.88	4.90	219.33	93.99	15.88	4.80	105.07	114.26	96.36
Office Equipments	202.35	16.62	5.35	213.62	106.71	19.04	5.37	120.38	93.24	95.64
Vehicles	0.76	0.41	0.05	1.12	0.33	0.08	0.07	0.34	0.78	0.43
Transport Equipments	2.50	0.18	0.04	2.64	2.07	0.09	0.04	2.12	0.52	0.43
E&P Assets										
Proved / Producing Property	301.55	383.55	(22.33)	707.43	7.10	75.00	(1.54)	83.64	623.79	294.45
Support Equipment & Facility	1.65	-	-	1.65	0.55	0.09	-	0.64	1.01	1.10
Unproved Leasehold Cost	102.25	(69.63)	(6.22)	38.84	-	-	-	-	38.84	102.25
Intangible Assets										
Right of Use **	265.93	430.17	-	696.10	-	-	-	-	696.10	265.93
Softwares / Licences / Others	98.57	5.25	0.02	103.80	53.30	11.22	0.03	64.49	39.31	45.27
Total	**31,769.19**	**5,504.92**	**29.39**	**37,244.72**	**11,611.93**	**1,333.90**	**4.51**	**12,941.32**	**24,303.40**	**20,157.26**
Share in Joint Venture Assets and Subsidiary included	**5,462.56**	**621.22**	**(11.97)**	**6,095.75**	**1,162.92**	**350.32**	**13.44**	**1,499.80**	**4,595.95**	**4,299.64**
Previous Year	26,605.14	5,284.40	120.35	31,769.19	10,642.94	1,055.67	86.68	11,611.93	20,157.26	15,962.20
Share in Joint Venture Assets and Subsidiary included	4,460.76	973.21	(28.59)	5,462.56	902.13	264.18	3.39	1,162.92	4,299.64	3,558.63

Depreciation for the Financial Year includes Impairment Loss of ₹ 0.39 Crores (₹ 0.38 Crores for Plant & Machinery and Rs 0.01 Crores for Electrical Equipments)

** Right of use for laying pipelines is a perpetual right of use of Land but does not bestow upon the company, the ownership of Land and hence, treated as intangible assets.

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Note 11 : Capital Work-in-Progress

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
Linepipe Construction and related facilities including Cathodic Protection & Dispatch / Receiving Terminals	**1,167.45**		3,933.19	
Less : Provision for Linepipe and Related Facilities	**(11.57)**	**1,155.88**	(25.11)	3,908.08
Compressor Stations		**736.41**		731.72
Telecom/Telesupervisory System		**1.42**		17.58
LPG Pipeline Project		**23.90**		5.22
LPG Projects		**-**		1.90
Petrochemicals		**4,077.14**		1,491.01
Telecom Project		**0.43**		0.26
Others		**684.11**		485.80
Engineering / Project construction		**7,284.53**		5,358.84
Exploratory & Development Well in Progress	**693.61**		514.76	
Less : Provision for Dry Exploratory Wells	**-**	**693.61**	(53.57)	461.19
Construction of CNG Station		**182.94**		187.32
Buildings	**84.91**		33.78	
Less : Provision for abandonment of Building	**-**	**84.91**	-	33.78
Linepipes, Capital Items in Stock/Transit	**3,451.05**		2,022.66	
Less : Provision for losses/obsolescence	**(0.25)**	**3,450.80**	(0.84)	2,021.82
TOTAL		**18,376.08**		14,704.52

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Note 12 : Non-current Investments

(₹. in Crores)

	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
1. Trade Investments				
Quoted				
Investments in Equity Instruments :-				
(i) In Associate Company				
15,00,00,000 (Previous Year : 21,00,00,000) Equity Shares of HK$ 0.01/- each fully paid up in China Gas Holding Ltd., China; acquired at a premium of HK$ 1.148 / share	**37.03**		51.84	
Add: Goodwill	**60.34**		84.48	
Add: Share of Profit in Associates	**139.73**		123.35	
Less: Dividend Received	**(16.48)**		(10.44)	
		220.62		249.23
3,000,000 (Previous Year 3,000,000) Equity shares of LE 5/- per share in NAT GAS Equity share has acquired at a premium LE 34.5 per Equity Share	**21.21**		21.21	
Add: Goodwill	**62.41**		62.41	
Add: Share of Profit	**86.55**		75.50	
		170.17		159.12
(ii) Others				
570,600 (Previous Year : 570,600) Equity Shares of ₹.10/-each fully Paid-up in Gujarat Industries Power Co. Ltd.(includes 1,90,200 Equity Shares acquired during the year 1996-97 at a premium of ₹.15/- per share)		**0.86**		0.86
205601068 (Previous Year : 205601068) Equity Shares of ₹.5/-each fully paid up in ONGC Ltd. (Acquired 3,42,66,845 shares of ₹.10/-each during 1999-2000 at a price of ₹.162.34 per Share,1,71,33,422 bonus shares of ₹.10/- each received during 2006-07. During the year 2010-11, 5,14,00,267 Equity shares of ₹.10/- each were splitted into Equity shares of ₹.5/- each and bonus issue of 1:1 equity shares of ₹. 5/- each after split received during 2010-11)		**556.29**		556.29
Unquoted				
(i) In Associate Companies				
2,07,60,000 (Previous Year : 2,07,60,000) Equity Shares of ₹.10/- each fully paid-up in Gujrat State Energy Generation Ltd.	**20.76**		20.76	
Add: Share of Profit	**9.82**		20.89	
Less: Dividend received	**(2.90)**		(2.90)	
		27.68		38.75
19,000 (Previous Year : 19,000) Equity shares of LE 100/- each fully paid up in Fayum Gas Company registered in Egypt.	**4.59**		4.59	
Add: Goodwill	**3.50**		3.50	
Add: Share of Profit	**9.61**		10.55	
Less: Dividend received	**(10.92)**		(10.92)	
		6.78		7.72

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(₹. in Crores)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
2. Investments (Unquoted - At cost)		
Investments in Equity Instruments :-		
i). 30 Shares (Previous Year : 30)of ₹.50 each fully paid up in Darpan Co-operative Housing Society Ltd., Vadodara	**-**	-
ii). 50 Shares (Previous Year : 50)of ₹.50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd., Vadodara	**-**	-
iii). 400 Shares (Previous Year : 400) of ₹.10 each fully paid up in Sanand Members Association,Ahmedabad.	**-**	-
iv). 35 Shares (Previous Year : 35)of ₹.50/-each fully paid up in Green Field (B) Co-operative Housing Society Ltd., Mumbai	**-**	-
v). 8347 Equity shares (Previous Year: 8347 Eq Shares) of USD 1/- each fully paid up in South East Asia Gas Pipeline Ltd. registered in Hongkong.	**0.04**	0.04
3. Other Investment (Other Non-Current)		
Other Investment / Investment by Group companies	**17.49**	22.52
TOTAL	**999.93**	1,034.53

Note 13 : Long term Loans and Advances

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
(a) Capital Advances				
(Secured / Unsecured - Considered Good)	**1,518.22**		873.97	
(Unsecured - Considered Doubtful)	**1.55**		1.55	
	1,519.77		875.52	
Less : Provision for Doubtful Advances	**(1.55)**		(1.55)	
		1,518.22		873.97
(b) Security Deposits (Unsecured)		**137.33**		166.57
(c) Other Loans and Advances				
Advances for Allotment of Equity				
- South East Asia Gas Pipeline		**105.70**		100.63
Loans to Employees				
- Secured, Considered Good		**279.14**		230.94
- Unsecured, Considered Good		**57.85**		68.57
Advances to Income Tax against pending demand				
- Unsecured, Considered Good	**1,221.67**		1,177.33	
- Unsecured, Considered Doubtful	**56.74**		43.24	
	1,278.41		1,220.57	
Less: Provision for Doughtful Income Tax against pending demand	**(56.74)**	**1,221.67**	(43.24)	1,177.33
Advance Tax / TDS				
- Unsecured, Considered Good	**3,388.27**		3,413.80	
Less: Provision for Taxations	**(3,131.36)**	**256.91**	(3,157.05)	256.75
Others				
(Unsecured, Considered Good)		**666.52**		246.54
TOTAL		**4,243.34**		3,121.30

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Note 14 Other Non Current Assets

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
Long Term Trade Receivables					
(Unsecured - Considered Good)		**666.65**		275.24	
(Unsecured - Considered Doubtful)		**460.20**		472.58	
		1,126.85		747.82	
Less : Provision for Doubtful Debts		**(460.20)**		(472.58)	
			666.65		275.24
Others					
Deposit with various parties			**4.69**		17.29
Other Non current assets			**13.64**		10.26
	TOTAL		**684.98**		302.79

Note 15 Current Investments

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012
7 % Oil Companies GOI Special Bonds 2012 (Alloted in lieu of claims pending with Oil Co-ordination Committee)			**-**	9.59
6,00,00,000 Equity Shares of HK$ 0.01/- each fully paid up in China Gas Holding Ltd., China; acquired at a premium of HK$ 1.148 / share		**14.81**		
Add: Goodwill		**24.14**		
Add: Share of Profit in Associates		**35.24**		
Less: Dividend Received		**(2.98)**		
			71.21	-
Other Current Investments / Mutual Fund Scheme			**182.38**	139.31
	TOTAL		**253.59**	148.90

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Note 16 : Inventories

(₹. in Crores)

		AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
(a) Finished Goods (incl Work-in-Progress)					
Stock of Gas*/Polymers/LPG and Other Products			**947.98**		890.49
*after adjustment of calorific value					
(b) Raw material, Stores, Spares and others					
(As taken, valued and certified by the Management)					
Raw Material			**79.30**		73.72
Raw Material on Transit			**50.80**		17.17
CNG and Natural Gas in Pipeline			**0.81**		0.60
Stores and Spares (including Construction Surplus)		**840.97**		770.88	
Less : Provision for Losses/Obsolescence		**(22.08)**		(27.21)	
			818.89		743.67
	TOTAL		**1,897.78**		1,725.65

Note 17 : Trade Receivables

(₹. in Crores)

	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
Trade receivables outstanding for a period exceeding six months				
- Secured, Considered Good	**0.04**		-	
- Unsecured, Considered Good	**51.45**		48.04	
- Unsecured, Considered Doubtful	**2.05**	**53.54**	26.97	75.01
Other receivables				
- Secured, Considered Good	**11.14**		2.37	
- Unsecured, Considered Good	**2,704.60**		2,218.72	
- Unsecured, Considered Doubtful	**-**		15.41	
		2,715.74		2,236.50
		2,769.28		2,311.51
Less : Provision for Doubtful debts		**(2.05)**		(42.38)
TOTAL		**2,767.23**		2,269.13

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Note 18: Cash and cash equivalents

(₹. in Crores)

	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
BALANCES WITH BANKS				
On Current Account (includes Corporate Liquid Term Deposit)	**290.40**		263.75	
On Current Account - Dividend Payable	**3.47**		3.23	
On Term Deposit Account (including Long Term deposits)	**2,106.17**		311.90	
On Short Term Deposit - Gas Pool Money (includes interest accrued but not due ₹. 4.26 Cr (Previous Year : ₹. 33.77 Cr)	**571.75**		783.84	
On Short Term Deposit - Imbalance & Overrun (includes interest accrued but not due ₹. 3.20 Cr (Previous Year : ₹ 1.96 Cr)	**60.75**		32.03	
On Short Term Deposit - JV Consortium (includes interest accrued but not due ₹.0.97 Cr (Previous Year : ₹ 0.92 Cr)	**25.78**		47.06	
		3,058.32		1,441.81
Cheques/Drafts/Stamps in hand	**3.37**		3.01	
Cash in hand	**2.93**		1.40	
		6.30		4.41
TOTAL		**3,064.62**		1,446.22

Note 19: Short Term Loans and Advances

(₹. in Crores)

	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
Loans / Advances to Employees		**38.81**		33.31
Advances recoverable in cash or in kind or for value to be received				
- Unsecured, Considered Good	**1,179.54**		1,226.44	
- Unsecured, Considered Doubtful	**1.02**		0.97	
	1,180.56		1,227.41	
Less : Provision for Doubtful Advances	**(1.02)**		(0.97)	
		1,179.54		1,226.44
Claims Recoverable				
- Unsecured, Considered Good	**126.02**		108.91	
Unsecured, Considered Doubtful	**2.33**		3.72	
	128.35		112.63	
Less : Provision for doubtful claims	**(2.33)**	**126.02**	(3.72)	108.91
Deposits / Balances with Government Authorities and Others				
- Unsecured, Considered Good	**1,759.17**		1,375.86	
- Unsecured, Considered Doubtful	**2.23**		1.01	
	1,761.40		1,376.87	
Less : Provision for doubtful deposits	**(2.23)**	**1,759.17**	(1.01)	1,375.86
Trade and Security Deposits				
- Unsecured, Considered Good		**0.85**		1.33
TOTAL		**3,104.39**		2,745.85

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Note 20: Other Current Assets

(₹. in Crores)

		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
Interest accrued but not due		**32.78**	11.55
Others		**58.43**	203.85
	TOTAL	**91.21**	215.40

Note 21: Revenue from Operations

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
a) Sale of Products/ Gas		**50,329.78**	42,793.42
b) Sale of Services			
LPG Transmission / RLNG Shippers Charges		**1,403.90**	1,939.32
c) Income from Telecom		**4.18**	3.99
d) Other Operating Income		**201.72**	167.13
		51,939.58	44,903.86
Less : Excise Duty		**(845.15)**	(678.91)
	TOTAL	**51,094.43**	44,224.95

Note 22: Other Income

(₹. in Crores)

			YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012
Dividend from long term (trade) investment			**403.56**		275.65
Interest on :					
- Bonds / Debentures (Long term trade investment)		**0.30**		0.67	
- Deposits with Banks		**178.78**		126.47	
- Others		**112.56**		78.45	
		291.64		205.59	
Add : Transferred to Expenditure during construction period (Refer Note 27)		**(59.52)**		(29.89)	
			232.12		175.70
Miscellaneous Income including liabilities written back		**202.36**		248.86	
Add : Transferred to Expenditure during construction period (Refer Note 27)		**(8.76)**	**193.60**	(1.84)	247.02
	TOTAL		**829.28**		698.37

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Note 23 : Employee benefits expenses

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Salaries, Wages and Allowances		**715.18**	593.05
Contribution to Provident and Other Funds		**126.72**	88.11
Welfare Expenses		**135.45**	123.58
Secondment charges		**1.86**	1.69
	TOTAL	**979.21**	806.43
Less : Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no. 27)		**127.81**	108.31
	TOTAL	**851.40**	698.12

Note 24 : Finance Cost

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Interest on : -			
- Term Loans		**853.14**	570.57
- Bonds		**133.81**	92.00
- Others		**6.67**	17.88
Other Borrowing Costs (Commitment and other Finance Charges)		**83.20**	55.27
Exchange differences regarded as an adjustment to Interest Cost		**-**	40.10
	TOTAL	**1,076.82**	775.82
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no. 27)		**639.51**	409.39
	TOTAL	**437.31**	366.43

Note 25 : Depreciation and Amortization Expenses

(₹. in Crores)

		YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Depreciation and Amortization Expenses		**1,333.51**	1,053.55
Impairment Loss		**0.39**	2.12
		1,333.90	1,055.67
Less : Depreciation & Amortization expenses transferred to Capital Work-in-Progress (refer note no. 27)		**15.22**	15.08
	TOTAL	**1,318.68**	1,040.59

As required by Accounting Standard (AS) 28, 'Impairment of Assets', an amount of ₹ 0.39 Cr (Previous Year: ₹ 2.12 Cr) has been impaired in respect of GAIL Tel Cash Generating Units.

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Note 26 : Other Expenses

(₹. in Crores)

	YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
Power, Fuel and Water Charges				
Power and Water Charges	**716.66**		1,012.43	
Gas used as Fuel	**1,036.70**		892.88	
		1,753.36		1,905.31
Gas Pool Expenses		**734.86**		589.69
Stores and Spares consumed		**314.69**		281.56
Rent		**39.09**		33.11
Rates and Taxes (includes entry tax on gas)		**102.31**		99.05
Licence Fees - Telecom		**1.95**		1.03
Repairs and Maintenance				
Plant and Machinery	**343.55**		318.59	
Buildings	**27.11**		21.44	
Others	**26.96**	**397.62**	32.82	372.85
Insurance		**33.53**		35.49
Communication Expenses		**10.02**		9.65
Printing and Stationery		**4.16**		4.07
Travelling Expenses		**99.91**		96.25
Books and Periodicals		**0.58**		0.55
Advertisement and Publicity		**35.22**		25.38
Payment to Auditors				
Audit Fees	**0.67**		0.65	
Tax Audit fees	**0.08**		0.06	
Company Law Matters	**-**		-	
Management Services	**0.16**		-	
Out of Pocket Expenses	**0.31**	**1.22**	0.16	0.87
Entertainment Expenses		**1.08**		0.21
Recruitment and Training Expenses		**19.59**		14.32
Vehicle Hire and Running Expenses		**35.62**		29.37
Equipment Hire charges		**29.00**		0.80
CNG Transportation		**0.41**		1.76
CNG Dispensing Charges		**-**		2.67
Operating Expenses at CNG Stations		**20.31**		16.86
Lease Charges		**7.75**		1.77
Survey Expenses		**81.65**		71.24
Dry Well Expenses written off	**137.60**		152.31	
Less: Provision for Dry Well Expenses written back	**(53.57)**	**84.03**	-	152.31
Oil & Gas Producing Expenses (Operators)		**4.76**		10.39
Royalty on Crude Oil **		**29.48**		9.38

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(₹. in Crores)

	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012
Consultancy Charges	**35.08**	50.53
Legal and Professional charges	**6.16**	10.77
Data Processing Expenses	**6.82**	3.48
Donation	**0.03**	0.03
Research and Development Expenses	**12.91**	1.19
Directors fees	**0.04**	0.05
Loss on sale / written off of assets(net)	**10.87**	7.89
Bad Debts / Claims / Advances / Inventories written off	**0.87**	0.29
Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items	**69.31**	474.39
Provision for Probable Obligations / Contingencies	**134.95**	207.37
Excise Duty on Stock (net)	**8.81**	1.33
Expenses on Enabling Facilities	**3.47**	2.73
Selling & Distribution Expenses	**25.34**	21.98
Discount on Sales	**120.71**	131.77
Commission on Sales	**15.51**	16.52
Dealers' Commission	**6.75**	4.69
Security Expenses	**84.86**	71.86
Corporate Social Responsibility Expenses	**64.71**	54.43
Net Loss on Foreign currency transaction and translation	**(12.66)**	17.38
Other Expenses	**340.90**	179.25
Prior Period Adjustments (Refer note 28)	**261.02**	0.40
	5,038.66	5,024.27
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no. 27)	**300.36**	165.66
TOTAL	**4,738.30**	4,858.61

** Includes ₹ 20.52 (Previous Year: NIL) towards Government Share of Profit Petroleum

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Note 27 : Expenditure during Construction Period

(₹. in Crores)

	YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	**110.72**		90.01	
Contribution to Provident and Other Funds	**7.67**		11.30	
Welfare Expenses	**9.42**	**127.81**	7.00	108.31
Power, Fuel and Water Charges		**2.87**		2.28
Stores & Spares		**0.13**		0.12
Rent		**7.17**		4.13
Rates and Taxes		**10.36**		1.51
Repairs and Maintenance - Plant and Machinery		**0.12**		0.03
Repairs and Maintenance - Building		**0.07**		0.19
Repairs and Maintenance - Others		**1.19**		0.61
Insurance		**8.95**		15.69
Communication Expenses		**0.96**		1.02
Printing and Stationery		**0.24**		-
Travelling Expenses		**14.46**		12.33
Books and Periodicals		**0.04**		0.01
Advertisement and Publicity		**0.37**		0.24
Payment to Auditors		**0.17**		0.01
Entertainment Expenses		**0.53**		0.40
Recruitment and Training Expenses		**0.82**		1.36
Vehicle Hire and Running Expenses		**3.64**		3.45
Professional & Consultancy Charges		**2.17**		1.78
Data Processing Expenses		**0.07**		0.03
Other Expenses		**246.03**		120.47
Depreciation		**15.22**		15.08
Interest and Finance Charges		**639.51**		409.39
		1,082.90		698.44
Less : - Interest Income	**59.52**		29.89	
- Misc. Income	**8.76**		1.84	
- Sales	**-**	**68.28**	-	31.73
Net Expenditure		**1,014.62**		666.71
Less :Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	**127.81**		108.31	
b) Interest & finance Charges	**639.51**		409.39	
c) Depreciation	**15.22**		15.08	
d) Other Expenses	**300.36**		165.66	
e) Other Income	**(68.28)**	**1,014.62**	(31.73)	666.71
Balance Carried over to Balance Sheet		**NIL**		NIL

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Note 28 : Prior Period Adjustments

(₹. in Crores)

			YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012
Purchase of Gas			**(0.16)**		(1.05)
Salaries, Wages and Allowances			**(0.29)**		(1.37)
Contribution to PF & Other Fund			**209.41**		-
Power, Fuel and Water Charges			**-**		0.02
Stores and Spares consumed			**-**		(0.26)
Rent			**0.25**		0.91
Depreciation(Net)			**36.63**		0.47
Repairs and Maintenance			**0.37**		(1.74)
Consultancy Charges			**0.01**		0.01
Other Expenses			**15.06**		2.68
	TOTAL		**261.28**		(0.33)
Less :					
- Sales		**-**		(5.00)	
- Interest Income		**-**		-	
- Miscellaneous Income		**0.26**	**0.26**	4.27	(0.73)
	TOTAL(NET)		**261.02**		0.40

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29 (A) BASIS OF PREPARATION

The Consolidated Financial Statements (CFS) relate to GAIL (India) Limited (hereinafter referred as the "Company") and its subsidiary, Joint Ventures and Associates. The accounts are prepared on historical cost convention in accordance with the applicable accounting standards and other applicable relevant statues.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards on the following basis:-

i. The Financial Statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006.

ii. Investments in Associates have been accounted for using the equity method in accordance with Accounting Standard AS (23) - "Accounting for investment in Associates in Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006. The excess/deficit of cost of investment over the proportionate share in equity of the Associate as at the date of the acquisition of stake has been identified as Goodwill/Capital reserve and included in the carrying value of the investment in Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.

iii. The Financial Statements of Joint Venture Company have been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006.

iv. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise disclosed in the other Notes to Accounts.

v. The excess of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill. In case the cost of investment in a subsidiary or Joint Venture is less than the proportionate share in the equity of the investee as on the date of the investment, the difference is treated as Capital reserve.

vi. Minority Interest's share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.

vii. Minority Interest's share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.

viii. The accounts of all Group Companies are drawn upto the same reporting date as the parent entity (i.e. Financial Year ended March 31, 2013), except Gail Global (USA) Inc., Fayum Gas and Nat Gas (for which the accounts drawn up as at December 31, 2012) and China Gas Holding Limited (for which the accounts drawn up to September 30, 2012) have been used in consolidation. No adjustments have been done for the period subsequent to that date, since there are no significant transactions, as informed by respective company's management.

ix. The financial statements of the Subsidiaries - GAIL Global (Singapore) Pte Ltd and Gail Global (USA) Inc are prepared in accordance / conformity with Singapore Financial Reporting Standards & U.S. generally accepted accounting principles respectively, assuming the companies are going concern and the transactions with these companies are considered as non integral operation as per Accounting Standard - 11 on "Effects of Changes in Foreign Exchange Rates" and accordingly, the Financial Statements have been translated in Indian Rupees for the purpose of Consolidated Financial Statements.

x. The financial statements of Fayum Gas and NatGas have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11). While the financial statements of China Gas Holding Limited has been prepared in accordance with the Hongkong Accounting Standards and relevant Hongkong Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11).

xi. Investment other than in Subsidiaries, Joint Ventures & Associates have been accounted for as per Accounting Standard (AS) - 13 on "Accounting for Investments" as notified under Companies Accounting Standard Rules, 2006.

(C) OTHER SIGNIFICANT ACCOUNTING POLICIES:-

These are set out under Significant Accounting Policies as given in the Company's separate financial statements.

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30. The Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL India Limited), its subsidiaries, joint venture companies and associates as detailed below:

Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2013
GAIL Global (Singapore) PTE Ltd	Singapore	Subsidiary	100%
GAIL Global (USA) Inc.	USA	Subsidiary	100%
Brahmaputra Cracker & Polymer Ltd	India	Subsidiary	70.00%
GAIL GAS Limited (including its 25% & 26% interest in joint venture companies, i.e., Andhra Pradesh Gas Distribution Corporation Ltd & Kerala GAIL GAS Ltd respectively)	India	Subsidiary	100%
Mahanagar Gas Limited	India	Joint Venture	49.75%
Indraprastha Gas Limited	India	Joint Venture	22.50%
Petronet LNG Limited	India	Joint Venture	12.50%
Bhagyanagar Gas Limited	India	Joint Venture	22.50%
Central UP Gas Limited	India	Joint Venture	25.00%
Green Gas Limited	India	Joint Venture	22.50%
Maharashtra Natural Gas Limited (MNGL)	India	Joint Venture	22.50%

Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2013
Aavantika Gas Limited	India	Joint Venture	22.50%
Ratnagiri Gas & Power (Private) Ltd (RGPPL)	India	Joint Venture	32.88%
Tripura Natural Gas Co Ltd. (TNGCL)	India	Joint Venture	29.00%
ONGC Petro-additions Limited (OPaL)	India	Joint Venture	15.50%
GAIL China Gas Global Energy Holdings Ltd.	Bermuda	Joint Venture	50.00%
Fayum Gas	Egypt	Associate	19.00%
Gujarat State Energy Generation Ltd (GSEG)	India	Associate	5.96%
Natural Gas Company "Nat Gas "	Egypt	Associate	15.00%
China Gas Holding Limited	Bermuda	Associate	4.60%

31. In view of different sets of environment in which the subsidiaries/Joint Ventures are operating, the accounting policies followed by the subsidiaries/ Joint Ventures are different from the accounting policies of the Company in respect of the following. Such different accounting policies have been adopted in respect of the following:

Particulars	Name of Joint Venture/ Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount) (Rs. in Crores)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
Inventories				
Valuation of Stores and spares	Mahanagar Gas Limited / Indraprastha Gas Limited / Central UP Gas Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at weighted average cost.	18.62
	Tripura Natural Gas Co Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at cost	0.56
Depreciation				
Software / Licences	Petronet LNG Limited (PLL) Aavantika Gas Limited (AGL) / Mahanagar Gas Limited / Bhagyanagar Gas Limited / Maharastra Natural Gas Limited / RGPPL.	Software / Licences are amortized in 5 years on straight line method	Software/Licenses are amortised on Straight Line method as follows: - Petronet LNG Ltd - 3 years. Aavantika Gas Ltd - 4 years. Mahanagar Gas Ltd - 6 years. Bhagyanagar Gas Ltd - 4 years. Maharastra Natural Gas Ltd - 3 years. RGPPL - 3 years or Period of Legal right, whichever is ealier.	3.07
All Assets	Tripura Natural Gas Co Ltd	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis, except computer (employees) @ 25% p.a. on SLM basis.	1.91
Employee Benefits	Bhagyanagar Gas Limited / AGL	Implemented Revised AS-15	Implementation of AS-15 is un-ascertained	Not Quantifiable

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Particulars	Name of Joint Venture/ Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount) (Rs. in Crores)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
Prepaid expenses & Prior period expenses / income	Brahmaputra Cracker & polymers Ltd (BCPL) / Bhagyanagar Gas Limited	Prepaid expenses and prior period expenses / income upto Rs 5 lakhs in each case are charged to relevant heads of account of the current year.	Prepaid expenses and prior period expenses / income upto Rs 1 lakh in each case are charged to relevant heads of account of the current year.	Not Quantifiable
	All Subsidiary & Joint Ventures, except BCPL, Bhagyanagar Gas Limited.	Prepaid expenses and prior period expenses / income upto Rs 5 lakhs in each case are charged to relevant heads of account of the current year.	Un-ascertained / Not available.	Not Quantifiable
Contingent Liabilities	Green Gas Limited / Bhagyanagar Gas Limited	Contingent liabilities exceeding Rs. 5 Lakhs in each case are disclosed by way of notes to accounts.	Contingent liabilities exceeding Rs. 1 Lakh in each case are disclosed by way of notes to accounts.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, BCPL, AGL, Green Gas Limited, Bhagyanagar Gas Limited.	Contingent liabilities exceeding Rs. 5 Lakhs in each case are disclosed by way of notes to accounts.	Un-ascertained / Not available.	Not Quantifiable
Capital commitment	PLL / Green Gas Limited / AGL / Bhagyanagar Gas Limited	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 Lakhs.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 1 Lakh.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, BCPL, PLL, Green Gas Limited, AGL, Bhagyanagar Gas Limited.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 Lakhs.	Un-ascertained / Not available.	Not Quantifiable

The effect of above differential accounting policies could not be quantify on Statement of profit & Loss.

32. Contingent Liabilities and Commitments (To the extent not provided for):-

I. Contingent Liability

(a). Claims against the Company not acknowledged as debts: Rs 6,016.13 Crores (Previous Year: Rs 6,127.43 Crores), which mainly include:-

(i) Legal cases for claim of Rs 807.23 Crores (Previous Year: Rs 3261.11 Crores) by vendor / trade payable on account of Liquidated damages/Price Reduction Schedule and Natural Gas price differential etc. and by customer / trade receivable for Natural gas transmission charges etc.

(ii) Income tax assessments up to the Assessment Year 2010-11 have been completed and a demand (net of provision) of Rs 1290.25 Crores relating to the Assessment Years 1996-97 to 2010-11 (Previous Year: Rs 1345.92 Crores relating to the Assessment Years 1996-97 to 2009-10) raised by the Department on account of certain disallowances / additions has been disputed by the company as it has been advised that the demand is likely to be deleted or may be reduced substantially by the appellate Authorities. The company has filed the appeal with the appropriate appellate authorities against all the assessment years. However, to avoid coercive action by the Department, Rs 1221.67 Crores (Previous Year: Rs 1177.33 Crores) has already been paid pending decision by the appellate authorities. Further, Department has also filed appeals amounting to Rs 93.37 Crores (including interest) before Income Tax Appellate Tribunal, Delhi against the relief granted by CIT (A) in favour of Company.

(iii) Rs 3,147.06 Crores (Previous Year: Rs 1154.69 Crores) relating to disputed tax demand towards Excise duty, Sales tax, Entry tax, and Service Tax etc.

(b) Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited financial statement : Rs 728.87 Crores (Previous Year: Rs 733.14 Crores).

II. Commitments:-

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs 6,861.39 Crores (Previous Year: Rs 10,616.47 Crores).

(b) Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited / unaudited financial statement of Joint Ventures Rs 1,005.49 Crores (Previous Year: Rs 1777.91 Crores).

(c) Other Commitments:

(i) As at 31st March'2013, the company has commitment of Rs 177.62 Crores (Previous Year: Rs 321.91 Crores) towards further investment in the entity other than Joint Ventures, Associates & Subsidiaries.

(ii) Company's commitment towards the minimum work programme in respect of Jointly Controlled Assets has been disclosed in Note 48 (v).

33. Sales Tax demand of Rs 3449.18 Crores (Previous Year: Rs 3449.18 Crores) and interest thereon Rs 1513.04 Crores. (Previous Year: Rs 1513.04 Crores) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The

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company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in Hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.

34. (a) Freehold Land acquired valuing Rs.11.55 Crores (Previous Year: Rs 6.39 Crores) and Leasehold Land acquired valuing Rs 64.07 Crores (Previous Year : NIL) are valued / capitalized on provisional basis.

(b) Title deeds for freehold land valuing Rs. 10.86 Crores (Previous Year: Rs. 7.84 Crores) and leasehold land valuing Rs. 13.19 Crores (Previous Year: Rs. 20.94 Crores) are pending execution.

(c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing Rs. 1.17 Crores (Previous Year: Rs.1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.

(d) Net Block for "Building" includes an amount of Rs.1.03 Crores (Previous year: Rs. 1.20 Crores) earmarked for disposal but in use.

35. (a) The balance retention from PMT JV consortium amounting to Rs. 25.78 Crores (Previous Year: Rs. 47.06 Crores) includes interest amounting to Rs.0.97 Crores (Previous Year: Rs. 0.92 Crores) on Short term deposits for the year. This interest income does not belong to the company hence not accounted as income.

(b) Liability on account of Gas Pool Money amounting to Rs. 598.89 Crores (Previous Year: Rs. 818.83 Crores) includes interest amounting to Rs. 4.26 Crores (Previous Year: Rs. 37.71 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

(c) Liability on account of Pipeline overrun and Imbalance charges amounting to Rs 60.28 Crores (Previous Year: Rs 31.67 Crores) includes interest amounting to Rs 3.20 Crores (Previous Year: Rs 1.96 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

(d)(i) MOPNG has issued clarification vide letter No. L-12014/1/2010-GP dated 04.04.2012 on the APM gas supply to consumers beyond their Gas Linkage Committee (GLC) allocations and directed GAIL to recover the amount as per market rates for the quantum of APM gas supplied to consumers beyond GLC allocation for the period from July 2005 to March 2010. Accordingly, GAIL raised the supplementary invoices for supply of Natural Gas for the difference of APM and Non-APM prices for the quantity drawn more than the GLC allocation for the said period by issuing the debit notes for additional amount of Rs 68.24 Crores excluding taxes. Some consumers have obtained stay orders from courts and the cases are subjudice. The unrealized amount of Rs 54.00 Crores as on 31.03.2013 has been shown as recoverable from consumers and correspondingly payable in Gas Pool Account (Provisional). The amount payable in Gas Pool Account will be invested as and when said amount is recovered from the consumers.

(ii) MOPNG directed that APM gas price would be applicable for only those quantities of gas which are used for generating electricity which is supplied to the grid for distribution to the consumers through the public utilities/ licensed distribution companies. Some consumers have not complied the same. Accordingly, GAIL raised the supplementary invoices considering difference of APM and Non APM prices for the said noncompliance for the period July 2005 to February 2013 by issuing debit notes for an additional amount of Rs 336.09 Crores. Consumers have obtained stay orders from courts and the cases are subjudice. This amount has been shown as recoverable from consumers and correspondingly payable in Gas Pool Account (Provisional) amounting to Rs 293.53 crores and VAT payable amount to Rs 42.56 crores. The amount payable in Gas Pool Account will be invested as and when said amount is recovered from the consumers.

36. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to Rs. 2687.18 Crores (Previous Year: Rs. 3182.62 Crores). Corresponding adjustment on account of CST amounting to Rs. 9.58 Crores (Previous Year: Rs.17.54 Crores) has been made.

37. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.

(b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed by the Oil Companies. However, the pricing mechanism is provisional and is

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pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.

(c) (i) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. Impact on profits, if any, is being recognized as and when the pipeline tariff is revised in accordance with these Regulations.

(ii) PNGRB vide order no-TO/07/2012 dated 12th July 2012 have notified "PROVISIONAL" initial unit natural gas pipeline tariff for Dadri-Bawana-Nangal Natural Gas Pipeline effective from 04.01.2010.In accordance with the order, the company has derecognized the revenue by an amount of Rs 51.49 Crore.

Further PNGRB vide order no-TO/08/2013 dated 10th May 2013 have notified "PROVISIONAL" initial unit natural gas pipeline tariff for K.G.Basin Natural Gas Pipeline network effective from 20.11.2008.In accordance with the order, the company has derecognized the revenue by an amount of Rs 517.23 Crores.

Further, the company has also derecognized the revenue by an amount of Rs 11.08 Crore on account of lower tariff submitted to PNGRB for approval in respect of other pipelines.

(d) Value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on receipt basis and shown as liability till make up Gas is delivered to customer, during the recovery period, in terms of the Gas Sales Agreement with the customers.

38. In respect of Subsidiary and Joint Ventures, the following salient notes to accounts are disclosed.

I. GAIL Gas Ltd.

a) The incidental expenditure during construction amounting Rs 14.83 Crores (Previous Year: Rs 12.18 Crores) have been allocated to completed project & Capital work in progress in the ratio of direct allocated cost for assets.

b) During the year, the Company has been disbursed a Term Loan from OIDB Rs 20.00 Crores (Previous Year: Rs 43.59 Crores) and from Union Bank of India Rs 55.00 Crores (Previous Year: Rs 15.00 Crores) to finance the project activities in the TTZ and cities of Dewas, Kota, Meerut & Sonepat respectively. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges amounting to Rs 15.24 Crores (Previous Year: Rs 9.57 Crores) was incurred, out of which an amount of Rs 9.43 Crores (previous Year: Rs 7.10 Crores) was capitalized during the year. During the year the company has repaid Rs 18.60 Crores to OIDB (Previous Year: NIL) and Rs 3.44 Crores to Union Bank of India (Previous Year: NIL) as per the term loan agreement.

c) The rent lease deed with HHEC Ltd dated 29.08.2008 and dated 10.03.2009 for the office premises was completed on 28.09.2012. A fresh agreement was signed with HHEC Ltd for the office premises on 28.09.2012 for a period up to 31.08.2013. The current agreement has not been registered by the lessor till balance sheet date. Further the company has signed an agreement with Mr Hari Babu for the office premises at Dewas which is also not registered by the lessor till the balance sheet date. Thus the provision for 50% share in stamp duty and registration charges of the both lease deed shall be accounted for in the year, the lease rent deed is executed by the Lessor.

II. Bramhaputra Cracker and Polymer Ltd.

a) The Capital Subsidy of Rs 1552.00 Crores (Previous Year: Rs 875.44 Crores) has been received from the Government of India during the year by way of contribution towards the capital outlay. As per AS-12 (Para 16), Government grants by way of contribution towards capital should be credited to Capital Reserves as per conditions attached to such grants.

b) The company has received a directive from its administrative ministry MoCF vide letter no. 45013/1/2005-PC-I (Part) dated 15.02.2012 that the interest earned on capital subsidy is not the income of BCPL and the same shall be added back to capital subsidy. As such interest income (net of taxes) of Rs 16.57 Crores (Previous Year: Rs 7.13 Crores) has been added back to capital subsidy.

c) Leasehold Land of Rs 81.84 Crores comprises land for which lease deed has been executed for a period of 30 years. As the title to the land rest on the Govt of Assam, the same will amortised over the said period. Such land has been reflected as a tangible assets.

d) The company has acquired the "Right of Use" (ROU) for the purpose of laying and maintenance of the underground pipeline for receiving and supplying of Gas is shown under Intangible Assets. Perpetual Right of use of Rs 7.56 Crores (Previous Year: Rs 7.56 Crores) acquired by the company, but does not bestow upon the company the ownership of land and thus no amortization has been provided on the same. However cost of Right of use (limited useful life) for having useful life of 10 years is being amortized over the life of ROU.

e) In view of time and cost overrun, the company has revised the project cost from initially Rs 5460.61 Crores to Rs 8920 Crores and consequently, the schedule of completion from April 2012 to December 2013. The Ministry of Chemicals and Fertilizer, Govt of India, has communicated approval of CCEA vide its letter no F.No. 45012/23/10-PC-I dated 2nd December 2011.

f) Though the company is in construction stage and no commercial activity have been started to date, keeping in view the requirement of revised schedule VI and Companies Act 1956, and in line with the change in accounting policy in

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respect to treatment on loss / gain on foreign currency transaction and translation account, Statement of Profit & Loss has been prepared by debiting the net loss on foreign currency fluctuations. Accordingly, negative earnings per share have been computed on the basis of weighted average of equity share allotted in compliance with AS - 20. It is also relevant to note that incidental expenditure during construction period pending allocation to Fixed Assets on capitalization has been treated under "Capital work in progress".

g) Details of Claim of Work Contract Tax from Govt. of Assam are as under:-

	Current Year	Previous Year
Opening Claim as on 01.04.2012 (FY 2008-09, 2009-10, 2010-11 & 2011-12	**Rs 32.69 Crores**	Rs 23.98 Crores
Claims lodged for the FY 2012-13	**Rs 32.91 Crores**	Rs 29.57 Crores
Total Claim Lodged	**Rs 65.60 Crores**	Rs 53.55 Crores
Less: Received during the year	**Rs 32.48 Crores**	Rs 20.86 Crores
Receivables as at 31.03.2013	**Rs 33.12 Crores**	Rs 32.69 Crores

h) As per directives from MOCF gross interest earned by parking of fund from the capital subsidy forms part of Capital Subsidy and as such the interest income from parking of capital subsidy not taxable as capital receipts in the hand of BCPL. Accordingly company has filed return for refund of claim as follows:

Year	**Refund Claimed (Rs in Crores)**
2008-09	2.77
2009-10	1.85
2010-11	1.10
2011-12	1.43
Total	**7.15**

The final disposal of the case by ITAT / CIT (Appeal), the net interest income from parking on capital subsidy up to FY 2012-13 has been considered to form part of capital subsidy.

If the appeal is preferred in ITAT in favor of the BCPL and subsequent to the refund by income tax authority, the same will considered as part of capital subsidy

However, provisions for income tax have been made for such interest.

i) The claim of Entry Tax till 31st March 2013 for Rs 18.88 Crores (previous year: Rs 15.84 Crores) in pursuance to the Notification no. FTX.58/2008/254 dated 20.10.2012 with retrospective effect from 20.10.2009 allowing exemption from the payment of entry tax on specified capital goods under Assam Entry Tax Act 2008 is pending for reimbursement from Tax Authority.

j) Changes in Accounting Policies:-

(i) Impact of Change in method of Depreciation:-

During current financial year the company has changed its Accounting Policy in respect of Depreciation on Fixed Assets from Written down value method (WDV) to Straight Line Method (SLM) with retrospective effect from the date of inception of company, i.e., 08.01.2007. Due to change in method of depreciation, the incidental expenditure during construction period pending allocation to Fixed Assets has been decreased to the extent of Rs 8.42 Crores with an increase in respective Net Block of Fixed Assets to the same extent.

(ii) Impact of Change in treatment of Net loss / gain on account of foreign exchange difference:-

During the year the company has changed its Accounting Policy in respect of treatment of Gain or Loss on account of foreign exchange difference from adjusting with cost of assets to accounting under "Statement of Profit & Loss" with retrospective effect. As a result net foreign exchange loss of Rs 3.16 Crores up to 31.03.2012 (Prior period adjustment) and Rs 17.00 Crores for the year 2012-13 has been reduced from total "Capital Work in progress" as on 31.03.2013 with corresponding debit to "Statement of Profit & Loss".

III. Petronet LNG LTD.

a) Custom Duty on import of Project Material / equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.

b) The Company has claimed deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking in its Tax Returns. However, provision for income tax has been made without considering the aforesaid deductions pending final assessment with Income tax authorities.

c) In terms of para 10 of Accounting Standard 16 "Borrowing Costs" Rs 9.27 Crores (Previous Year: Rs 17.98 Crores) has been reduced from the Interest and Financial Charges (Capital Work in Progress) being income on temporary investment of surplus funds out of borrowings related to Capital Expenditures.

IV. Indraprastha Gas Limited

a) The Company has installed various CNG Stations on land leased from various Government Authorities under leases for periods ranging from one to five years. However, assets constructed / installed on such land are depreciated generally at the rates specified in Schedule XIV to the Companies Act, 1956, as the management does not foresee non-renewal of the above lease arrangements by the Authorities.

b) Deposits from customers of natural gas, refundable on termination/alteration of the gas sales agreements, are considered as short term liabilities.

c) Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9th April 2012 determined the per unit network tariff and Compression Charge for the city gas distribution (CGD) network of IGL for Delhi, based on submission of data by the company in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB are much lower than the rates submitted by the company.

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Further, PNGRB has made the determined tariff applicable with retrospective effect from 01.04.2008. In its order PNGRB stated that the modalities and time frame for refund of differential Network Tariff and Compression Charge would be decided subsequently.

The company was advised that validity of such order and refund lacks legal authority and accordingly, IGL filed a writ petition on 10.04.2012 against the order of PNGRB dated 09.04.2012 before the Hon'ble Delhi High Court. The Hon'ble High Court of Delhi has passed the judgement in this case on 01.06.2012 and has quashed the PNGRB order dated 09.04.2012 holding that the PNGRB is not empowered to fix any component of network tariff or compression charge.

PNGRB has filed special leave petition before the Hon'ble Supreme Court of India against the order dated 01.06.2012 of Hon'ble Delhi High Court.

d) The Company has taken certain equipment and vehicles under operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates Rs 8.70 Crores (Previous year: Rs 12.90 Crores). Lease obligations under non-cancellable periods are as follows:

	2012-13	2011-12
i) Amounts payable in next 1 year	**Rs 4.53 Crores**	Rs 16.78 Crores
ii) Amounts payable in next 2 to 5 years	**NIL**	NIL
iii) Amounts payable over 5 years	**NIL**	NIL

V. Mahanagar Gas Ltd.

a) Company has taken on lease few equipments / machines for some CNG Retail Outlets. Lease charges are dependent on sale of CNG at these outlets and hence there are no minimum lease payments. The term of the contract is one or two years, renewable at the discretion of the Company. The contract does not impose any restrictions concerning dividend, additional debt and further leasing. Lease payments recognized in the Statement of Profit and Loss for the year is Rs 1.28 Crores (Previous year: Rs 1.34 Crores).

b) Company has taken certain vehicles under operating lease agreements. Lease payments recognized in the Statement of Profit and Loss under "Miscellaneous Expenses" for the year is Rs 5.15 Crores (Previous year: Rs 4.51 Crores)

c) Company has entered into agreements for taking on leave and license basis certain residential/office premises/godowns. All the agreements contain a provision for its renewal. Lease payments recognized in the Statement of Profit and Loss under rent for the year is Rs 7.84 Crores (Previous year: Rs 7.48 Crores).

d) The future minimum lease payments of non-cancellable operating leases are as under:-

	2012-13	2011-12
Not later than one year	**Rs 0.50 Crores**	NIL
Later than one year, but not later than five years	**NIL**	NIL
Later than five years	**NIL**	NIL
TOTAL	**Rs 0.50 Crores**	NIL

e) The Foreign Investment Promotion Board (FIPB) through its approval had allowed the Company to continue with the arrangements of foreign equity participation upto 50% in the paid up capital of the Company until December 2006. This approval was subject to the condition that the Company would be required to bring an IPO to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Shareholders are in discussion for making disinvestment in line with FIPB requirements.

VI. Bhagyanagar Gas Limited

a) During the year, interest on term loan / bridge loan amounting to Rs 16.59 Crores has been apportioned to Fixed Assets & Capital work-in progress.

VII. Central U.P. Gas Limited

a) The Company has taken certain properties under Operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates Rs 0.50 Crores (Previous Year: Rs 0.39 crores). Lease obligations under non-cancellable periods are as follows:-

	2012-13	2011-12
Amounts payable in next one year	**Rs 0.31 Crores**	Rs 0.15 Crores
Amounts payable in next two to five years	**Rs 0.26 Crores**	Rs 0.40 Crores
Amounts payable over five years	**NIL**	NIL

39. Audited / Unaudited financial statements of joint venture - Petronet LNG Ltd., Indraprastha Gas Limited, Mahanagar Gas Limited, Bhagyanagar Gas Limited, Central UP Gas Limited, Green Gas Limited, Aavantika Gas Limited, Ratnagiri Gas & Power (Private) Limited, Maharastra Natural Gas Limited, Tripura Natural Gas Co Limited, ONGC Petro-additions Limited & GAIL China Gas Global Energy Holdings Limited have been included in consolidation. The figures included in the consolidated financial statements relating to these audited / unaudited joint venture companies are as under:

Total assets are Rs. 9483.82 Cr. (Previous Year : Rs. 8705.51 Cr.) and total liabilities of Rs. 9483.82 Cr. (Previous Year : Rs. 8705.51 Cr.) and

Total Income of Rs. 6381.26 Cr (Previous Year : Rs. 5890.73 Cr.) and total expenditure of Rs. 5922.44 Cr. (Previous Year : Rs. 4900.50 Cr.).

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40. Unaudited financial statements of an associate - Gujarat State Energy Generation (GSEG) and China Gas Holding Limited, have been included in consolidation in absence of the audited financial statements. Total Share of Profit included in the Consolidated Financial Statements is Rs. 40.55 Crores (Previous Year: Rs. 32.44 Crores).

41. Due to short participation by the other joint venture partners there is difference between the % of ownership as per Joint Venture Agreement and actual % of Share capital currently held by the Company i.e. GAIL (INDIA) LIMITED. The management is of the opinion that it is a temporary phase and other joint venture partner will contribute the balance contribution in the share capital of joint venture as per the joint venture agreement. Hence, GAIL (INDIA) LIMITED ownership in the joint ventures are considered only to the extent of % ownership mentioned in Joint Venture agreement.

 Excess contribution in the Equity Share Capital of the various Joint Ventures as on date, over and above the contractual % amounting to Rs. 414.16 Crores {previous year Rs. 195.88 Cr.} is included in the 'Advance Recoverable in cash or in kind or for value to be received'.

42. In the previous year the Joint Venture/Associates were incorporated in the consolidated financial statement based on the unaudited financial statement, wherever audited financial statements were not available at the time of consolidation. Adjustment due to Joint Venture regrouping and adjustment due to Joint Venture/Associates audited statements of such Joint Venture/Associates on the statement of profit/(loss) is Rs. (174.63) Crores [Previous Year Rs (89.00) Crores].

43. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. However, there are some differences in certain accounting policies followed by the company, subsidiary, joint ventures and associates but the impact of the same in the opinion of the management is not material / quantifiable.

44. In compliance of Accounting Standard 17 on "Segment Reporting" as notified under Companies Accounting Standard Rules, 2006, the required information is given as per Annexure - A to this schedule. Business Segments: The business segments have been identified as:-

 (i) Transmission services

 a) Natural Gas

 b) LPG

 (ii) Natural Gas Trading

 (iii) Petrochemicals

 (iv) LPG and other Liquid Hydrocarbons

 (v) City Gas Distribution

 (vi) Un-allocable

45. In compliance of Accounting Standard 18 on " Related party Disclosures" as notified under Companies Accounting Standard Rules, 2006, the name of related parties, nature of relationship and details of transaction entered therewith are given in Annexure - B.

46. In compliance to Accounting Standard 20 on "Earning Per Share", the calculation of Earnings Per Share (Basic and Diluted) is as under:

	Current Year	Previous Year
Net Profit after tax used as numerator - (Rs. crores)	**4,373.60**	4,443.61
Weighted average numbers of equity shares used as denominator	**1,26,84,77,400**	1,26,84,77,400
Earnings per share (basic and Diluted) - (Rs)	**34.48**	35.03
Nominal Value per Equity Share - (Rs)	**10.00**	10.00

47. In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules, 2006, the Company has provided Accumulated net deferred tax liability in respect of timing difference as on 31st March, 2013. The item- wise details of deferred tax liability as on 31.03.2013 are as under:

(Rs in crores)

	2012-13	2011-12
Deferred Tax Liability		
a). Depreciation	**5602.62**	4114.59
b). Others	**NIL**	NIL
Less :- Deferred Tax Assets		
a). Provision for Gratuity & Retirement Benefits	**127.65**	108.55
b). Benefit u/s 35AD of the Income Tax Act, 1961	**2689.80**	1885.62
c). Provision for Doubtful Debts / Claims / Advances	**262.83**	251.08
d). Preliminary Expenses & others	**95.85**	4.35
Deferred Tax Liability (net)	**2426.49**	1864.99

48. Jointly Controlled Assets

(i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 28 Blocks (PY 29 Blocks) as on 31.03.2013 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1, CY-ONN-2005/1 and CB-ONN-2010/11, where it is an operator, and shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.

The participating interest in the twenty eight NELP Blocks in India as on 31st March, 2013 is as under:

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Si No.	Name of Block	Participating Interest	Si No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%	15	KG-DWN-2004/1	10%
2	CB-ONN-2000/1	50%	16	KG-DWN-2004/2	10%
3	AA-ONN-2002/1	80%	17	KG-DWN-2004/3	10%
4	AA-ONN-2003/1	35%	18	KG-DWN-2004/5	10%
5	CB-ONN-2003/2	20%	19	KG-DWN-2004/6	10%
6	AN-DWN-2003/2	15%	20	CY-ONN-2005/1	40%
7	RJ-ONN-2004/1	22.225%	21	AN-DWN-2009/13	10%
8	KG-ONN-2004/2	40%	22	AN-DWN-2009/18	10%
9	CY-DWN-2004/1	10%	23	CB-ONN-2000/1- RING FENCED CONTRACT	50%
10	CY-DWN-2004/2	10%	24	CB-ONN-2010/11	25%
11	CY-DWN-2004/3	10%	25	AA-ONN-2010/2	20%
12	CY-DWN-2004/4	10%	26	GK-OSN-2010/1	10%
13	CY-PR-DWN-2004/1	10%	27	GK-OSN-2010/2	10%
14	CY-PR-DWN -2004/2	10%	28	CB-ONN-2010/8	25%

(ii) In addition to above, the Company has farmed-in as non – operator in the following blocks:

Sl	Name of the Block No.	Participating Interest
1	A-1,Myanmar*	8.5%
2.	A-3, Myanmar*	8.5%
3.	CY-OS/2	25%

*In addition, the company has 8.5% participating interest in offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

(iii) The Company's share in the Assets, Liabilities, Income and Expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited financial statement submitted by the operators and are given below : (Final adjustments are effected during the year in which audited financial statement are received).

(Rs in Crores)

Particulars	2012-13	2011-12
Income	**86.57**	83.13
Expenses	**223.69**	286.47
Fixed Assets (Gross block)	**6.42**	5.77
Producing Property	**7.10**	-
Other Assets	**1304.99**	867.35
Current Liabilities	**355.06**	172.20

The above value includes the following amounts pertaining to 14 E&P Blocks relinquished till 31st March, 2013 (including 12 Blocks relinquished till 31st March, 2012) where company is non operator.

(Rs in Crores)

Particulars	Till 31st March,2013	Till 31st March, 2012
Income	**8.25**	7.31
Expenses	**12.77**	0
Fixed Assets (Gross block)	**0.37**	0.36
Other Assets	**2.54**	5.59
Current Liabilities	**48.27**	27.41

(iv) List of the E&P and CBM Blocks relinquished till 31.03.2013 is given below:

SL NO	Name of the Block	Participating Interest	Date of Relinquishment
1	GS-DWN-2000/2	15%	24.01.2007
2	MB-DWN-2000/2	15%	24.01.2007
3	KK-DWN-2000/2	15%	15.08.2004
4	MN-OSN-97/3	15%	08.11.2007
5	NEC-OSN-97/1	50%	11.09.2007
6	AD-7, Myanmar	10%	28.02.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	Block 56, Oman	25%	10.06.2010
9	RM-CBM-2005/III	35%	11.05.2010
10	MR-CBM-2005/III	45%	11.05.2010
11	CY-ONN-2002/1	50%	28.03.2011
12	TR-CBM-2005/III	35%	10.10.2011
13	MB-OSN-2004/1	20%	29.03.2012
14	MB-OSN-2004/2	20%	13.04.2012

(v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is Rs.643.50 Crores (Previous Year: Rs 650.17 Crores).

(vi) Quantitative Information:

a. Details of company's share of Production of Oil for Block No. CB-ONN-2000/1 during the year ended 31.03.2013.

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)	Rs Crores	(MT)		(MT)	Rs Crores	(MT)	Rs Crores
Year ended 31/03/13	646.20	0.64	21268.97	-	21325.92	87.57	589.25	0.41
Year ended 31/03/12	515.11	0.34	22673.46	-	22542.37	82.65	646.20	0.64

* includes test production sales for Rs 2.65 Crores (Previous Year Rs 1.47 Crores)

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b) Net Quantities of Company's interest in proved reserves and proved developed reserves:

	Proved Reserves		Proved Developed Reserves	
	2012-13	2011-12	**2012-13**	2011-12
Oil : in 000'MT				
Beginning of the year	**175**	90	**175**	90
Additions	**12**	107.67	**0**	107.67
Deletion	**3.73**	0	**3.73**	0
Production	**21.27**	22.67	**21.27**	22.67
Closing Balance	**162**	175	**150**	175
Gas : in Million M3				
Beginning of the year	**6220**	6220	**-**	-
Additions	**-**	-	**-**	-
Deletion	**-**	-	**-**	-
Production	**-**	-	**-**	-
Closing Balance	**6220**	6220	**-**	-

Note: Company's interest in Oil Reserves is in Indian blocks and in Gas Reserves is in Myanmar

c) In terms of Production Sharing Agreements/Contracts, the balance (company's share) in cost recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is Rs 940.75 Crores at the end of year (previous year : Rs 691.27 Crores).

49. In Compliance of Accounting Standard 28, impairment of assets notified under the Companies (Accounting Standard) Rules, 2006, the company has carried out the assessment of impairment of assets. Based on such assessment, GAILTEL assets have been impaired to the extent of Rs. 0.39 Cr. (Previous Year: Rs 2.12 Cr.) and same amount has been recognized as impairment loss in statement of Profit & Loss.

50. (a) Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a company in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07 and construction of Gas cracker complex is in progress. Further, Public Investment Board (PIB) in meeting dated 13th July 2011 recommended that the issue of ownership of the Lakwa facility may be decided by the Committee comprising of representative from Department of Expenditure, Planning Commission, MoPNG and the administrative Ministry. The gross block of fixed assets and Capital work in progress value of Lakwa unit is Rs 260.15 Crores as on 31st March 2013 (Previous Year: Rs 255.68 Crores).

(b) Further the Board in its 287th Meeting held on 06th April'2011 has approved transfer of CNG stations and its associated pipeline in Vadodara to proposed Joint Venture Company of GAIL Gas Ltd. and Vadodra Municipal Seva Samiti at market value yet to be determined. The transfer has not been effected during the financial year.

51. Jointly controlled Entity:

The Company's share of the assets, liabilities, contingent liabilities and capital commitments as at 31st March 2013 and income and expenses for the year in respect of jointly controlled entities based on audited / unaudited accounts are given below:-

(₹ in Crores)

Particulars	**31.03.2013**	31.03.2012
A. Assets		
- Non-current / Long term assets	**8,042.82**	6,529.47
- Current assets	**1,441.00**	2,176.04
Total	**9,483.82**	8,705.51
B. Liabilities		
- Non-Current / Long term liabilities	**3,578.57**	3,507.17
- Current Liabilities & Provisions	**2,898.77**	2,415.68
Total	**6,477.34**	5,922.85
C. Contingent Liabilities	**728.87**	733.14
D. Capital Commitments	**1,005.49**	1,777.91
	Current Year	Previous Year
E. Income	**6,381.26**	5,890.73
F. Expenses	**5,922.44**	4,900.50

52. Previous year's (PY) figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

For **M/s M L Puri & Co.**
Chartered Accountants
Firm No: 002312N

Navin Bansal
(Partner)
Membership No. 91922

Place : New Delhi
Dated : May 28, 2013

For **M/s Rasool Singhal & Co.**
Chartered Accountants
Firm No: 500015N

Sandeep Gupta
(Partner)
Membership No. 413890

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INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2012-13

(Annexure - A)

(₹. in Crores)

SL. NO.	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING **	PETROCHE MICALS	LPG & LIQUID HYDROCAR BONS	CITY GAS	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
1	**REVENUE**										
	External Sales *	3,066.55	293.92	35,768.81	3,743.68	4,433.71	2,491.93	1,094.11	50,892.71	-	50,892.71
	Intersegment sales	280.72	-	5,761.30	21.18	-	-	18.28	6,081.48	6,081.48	-
	Total revenue	**3,347.27**	**293.92**	**41,530.11**	**3,764.86**	**4,433.71**	**2,491.93**	**1,112.39**	**56,974.19**	**6,081.48**	**50,892.71**
2	**RESULTS**										
	Segment Result(Profit before Interest &Tax)	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	-	6,858.53	-	6,858.53
	Unallocated expenses	-	-	-	-	-	-	507.91	507.91	-	507.91
	Operating Profit	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	(507.91)	6,350.62	-	6,350.62
	Interest Expenses	-	-	-	-	-	-	437.31	437.31	-	437.31
	Interest/ Dividend Income	-	-	-	-	-	-	695.20	695.20	-	695.20
	Provision for Taxation	-	-	-	-	-	-	2,241.18	2,241.18	-	2,241.18
	Profit/(Loss) from Ordinary Activities	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	(2,491.20)	4,367.33	-	4,367.33
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Profit after Tax (before adjustment for Minority Interest)	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	(2,491.20)	4,367.33	-	4,367.33
	Add: Share of (Profit) / Loss transferred to Minority	-	-	-	6.27	-	-	-	6.27		6.27
	Profit after Tax (after adjustment for Minority Interest)	**1,832.31**	**97.31**	**1,529.46**	**1,510.37**	**1,588.46**	**306.89**	**(2,491.20)**	**4,373.60**	**-**	**4,373.60**
3	**OTHER INFORMATION**										
	Segment Assets	21,730.04	849.88	723.69	3,190.59	1,339.73	1,579.68	3,281.41	32,695.02	166.25	32,528.77
	Unallocated Assets	-	-	-	-	-	-	27,257.78	27,257.78	-	27,257.78
	Total Assets	**21,730.04**	**849.88**	**723.69**	**3,190.59**	**1,339.73**	**1,579.68**	**30,539.19**	**59,952.80**	**166.25**	**59,786.55**
	Segment Liabilities	5,042.82	60.17	309.64	1,448.18	347.83	399.44	87.54	7,695.62	74.90	7,620.72
	Unallocated Liabilities	-	-	-	-	-	-	3,015.74	3,015.74	-	3,015.74
	Total Liabilities	**5,042.82**	**60.17**	**309.64**	**1,448.18**	**347.83**	**399.44**	**3,103.28**	**10,711.36**	**74.90**	**10,636.46**
	Cost to acquire fixed assets	4,572.47	18.76	2.90	113.38	(43.60)	297.45	543.56	5,504.92	-	5,504.92
	Depreciation#	583.53	48.76	23.33	180.87	78.60	94.43	324.38	1,333.90	-	1,333.90
	Non Cash expenses other than Depreciation#	111.97	0.06	78.91	6.62	(0.09)	0.97	4.90	203.34	-	203.34

* Sales is net of Excise Duty

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

Notes

1 Includes Joint Venture: Petronet LNG Limited

2 Includes Subsidiary: BCPL; Joint Venture: OPaL.

3 Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika,TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL

4 Includes Subsidairy: GAIL Global (Sinagpore) Limited and GAIL Global (USA) Inc.; Associate Company's share & Joint Venture: RGGPL.

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(Annexure - A)

INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2011-12

(₹. in Crores)

SL. NO.	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING **	PETROCHE MICALS	LPG & LIQUID HYDROCAR BONS	CITY GAS	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
1	**REVENUE**										
	External Sales *	3,564.31	454.21	30,141.39	3,377.53	3,090.24	1,392.16	2,037.98	44,057.82	-	44,057.82
	Intersegment sales	288.10	-	4,332.16	37.87	-	-	-	4,658.13	4,658.13	-
	Total revenue	**3,852.41**	**454.21**	**34,473.55**	**3,415.40**	**3,090.24**	**1,392.16**	**2,037.98**	**48,715.95**	**4,658.13**	**44,057.82**
2	**RESULTS**										
	Segment Result (Profit before Interest &Tax)	2,153.86	272.01	1,282.68	1,465.80	554.43	379.92	-	6,108.70	-	6,108.70
	Unallocated expenses	-	-	-	-	-	-	(174.11)	(174.11)	-	(174.11)
	Operating Profit	2,153.86	272.01	1,282.68	1,465.80	554.43	379.92	174.11	6,282.81	-	6,282.81
	Interest Expenses	-	-	-	-	-	-	366.43	366.43	-	366.43
	Interest/ Dividend Income	-	-	-	-	-	-	481.24	481.24	-	481.24
	Provision for Taxation	-	-	-	-	-	-	1,954.01	1,954.01	-	1,954.01
	Profit/(Loss) from Ordinary Activities	2,153.86	272.01	1,282.68	1,465.80	554.43	379.92	(1,665.09)	4,443.61	-	4,443.61]
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	**2,153.86**	**272.01**	**1,282.68**	**1,465.80**	**554.43**	**379.92**	**(1,665.09)**	**4,443.61**	**-**	**4,443.61**
3	**OTHER INFORMATION**										
	Segment Assets	16,776.36	912.60	706.38	3,406.29	1,199.94	1,330.55	3,548.19	27,880.31	153.31	27,727.00
	Unallocated Assets	-	-	-	-	-	-	20,150.04	20,150.04	-	20,150.04
	Total Assets	**16,776.36**	**912.60**	**706.38**	**3,406.29**	**1,199.94**	**1,330.55**	**23,698.23**	**48,030.35**	**153.31**	**47,877.04**
	Segment Liabilities	3,570.07	118.63	256.51	1,022.28	414.60	353.73	(20.77)	5,715.05	84.86	5,630.19
	Unallocated Liabilities	-	-	-	-	-	-	2,979.71	2,979.71	-	2,979.71
	Total Liabilities	**3,570.07**	**118.63**	**256.51**	**1,022.28**	**414.60**	**353.73**	**2,958.94**	**8,694.76**	**84.86**	**8,609.90**
	Cost to acquire fixed assets	3,411.55	13.79	0.43	217.72	120.81	398.71	1,121.39	5,284.40	-	5,284.40
	Depreciation#	463.50	49.04	23.02	178.58	86.97	73.95	180.61	1,055.67	-	1,055.67
	Non Cash expenses other than Depreciation#	579.70	0.05	39.83	(4.61)	0.57	1.59	90.19	707.32	-	707.32

* Sales is net of Excise Duty
** Assets & Liability of Gas Trading Business included in Gas Transmission Business

Notes
1 Includes Joint Venture: Petronet LNG Limited
2 Includes Subsidiary: BCPL; Joint Venture: OPaL.
3 Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika,TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL
4 Includes Subsidairy: GAIL Global (Sinagpore) Limited and GAIL Global (USA) Inc.; Associate Company's share & Joint Venture: RGGPL.

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(Annexure - B)

RELATED PARTY DISCLOSURES

I) Relationship

A) Joint Venture Companies / Associates

1) Mahanagar Gas Limited
2) Indraprastha Gas Limited
3) Petronet LNG Limited
4) Bhagyanagar Gas Limited
5) Tripura Natural Gas Corporation Limited
6) Central UP Gas Limited
7) Green Gas Limited
8) Maharastra Natural Gas Ltd.
9) Aavantika Gas Co Limited
10) GAIL China Gas Global Energy Holdings Ltd.
11) ONGC Petro-additions Limited (OPaL)
12) Gujarat State Energy Geneartion Ltd.
13) National Gas Company " Nat Gas"
14) Fayum Gas Company
15) China Gas Holdings Limited

B) Key Management Personnel (KMP)

Whole time Directors:

1) Shri B. C Tripathi, Chairman & Managing Director
2) Shri R. D. Goyal
3) Shri S. L. Raina
4) Shri Prabhat Singh
5) Shri S. Venkatraman
6) Shri P. K. Jain
7) Shri V. C. Chittoda
8) Shri M Ravindaran
9) Shri N K Agarwal
10) Shri M C Deogam
11) Shri K Chattraj
12) Shri P L Ahuja
13) Shri C. D. Joshi
14) Shri A K Mittal
15) Shri Pradeep Madan
16) Shri A K Jana
17) Shri J S Saini

C) Unincorporated Joint venture for Exploration & Production Activities:

1)	NEC - OSN - 97/1	(Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
2)	A-1, Myanmar	(Non-operator with participating interest: 8.5%)
3)	A-3, Myanmar	(Non-operator with participating interest: 8.5%)
4)	Offshore Midstream, Myanmar	(Non-operator with participating interest: 8.5%)
5)	CY-OS/2	(Non-operator with participating interest: 25%)
6)	RM-CBM-2005/III	(Non-operator with participating interest: 35%, GAIL has relinquished from the Block)
7)	TR-CBM-2005/III	(Non-operator with participating interest: 35%, GAIL has relinquished from the Block)
8)	MR-CBM-2005/III	(Non-operator with participating interest: 40%, GAIL has relinquished from the Block)
9)	AD-7, Myanmar	(Non-operator with participating interest: 10%, GAIL has relinquished from the Block)
10)	Block 56, Oman	(Non-operator with participating interest: 25%, GAIL has relinquished from the Block)

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II) The following transactions were carried out with the related parties in the ordinary course of business:

(₹. in Crores)

A) Details relating to parties referred to in item no. I (A) above:		**2012-13**	2011-12
1)	Sales	**2,871.18**	2,159.69
2)	Amount receivable as at Balance Sheet Date for (1) above	**139.07**	84.43
3)	Purchases	**16,101.75**	11,319.88
4)	Amount payable as at Balance Sheet Date for (3) above	**730.83**	547.59
5)	Reimbursement for other expenditure received/receivable	**17.20**	10.62
6)	Amount receivable as at Balance Sheet Date for (5) above	**16.50**	5.98
7)	Dividend Income	**117.43**	77.50
8)	Other Income	**0.42**	0.45
9)	Provision created against Debtors	**4.44**	28.20
10)	Provision created against Debtors written back	**(20.54)**	-

(₹. in Crores)

B) I. Details relating to parties referred to in item no. I (B) above:		**2012-13**	2011-12
1)	Remuneration	**7.31**	6.17
2)	Interest bearing outstanding loans receivable	**0.68**	0.99
3)	Interest accrued on loans given	**0.54**	0.62
4)	Self Lease	**0.20**	0.24

(₹. in Crores)

II.	**Relatives of KMP**	**2012-13**	2011-12
1)	Remuneration	**0.34**	0.44
2)	Interest bearing outstanding loans receivable	**-**	-
3)	Interest accrued on loans given	**-**	-
4)	Self Lease	**-**	0.03

* Remuneration includes Basic,Allowances,reimbursements,contribution to PF and perquisites.
In addition, Whole time Directors are allowed the use of Staff cars including for private journeys upto a ceiling of 1000 Kms. per month on payment in accordance with the Bureau of Enterprises Circular.

C) Details relating to parties to in item no. I (C) above :

(₹. in Crores)

		2012-13	2011-12
1)	Minimum work program commitment	**-**	-
2)	Survey and other expenses	**0.75**	(13.34)
3)	Other assets	**231.27**	316.40
4)	Amount outstanding on Balance Sheet date	**(10.47)**	28.73
5)	Amount written Off- Dry well expenditure	**-**	4.28

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Consolidated Cash Flow Statement for the Financial Year Ended 31st March, 2013

(₹. in Crores)

		2012-13		2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES				
1 Net Profit Before Tax and Extraordinary Items		**6608.51**		6397.62
2 ADD :				
Depreciation	**1370.53**		1056.14	
Deferred Revenue / Other Expenses written off	**0.87**		0.29	
Capital Reserve	**(0.11)**		(0.11)	
Exchange Rate Variation	**(12.66)**		17.38	
Interest Expenditure	**437.31**		366.43	
Dividend Income on Investments	**(403.56)**		(275.65)	
Interest Income	**(291.64)**		(205.59)	
Provision for Employees Benefits (incl Gratuity)	**273.51**		53.04	
Provision for Doubtful Debts	**(52.71)**		361.89	
Other Provisions	**122.02**		65.44	
Provision / Writte off of Assets / CWIP	**84.03**		152.31	
Provision for Probable obligation / Contingency	**134.95**		37.93	
Profit / Loss on Sale of Assets (Net)	**10.87**		7.89	
		1673.41		1637.39
3 Operating Profit Before Working Capital Changes (1 + 2)		**8281.92**		8035.01
4 Changes in Working Capital (Excluding Cash & Bank Balances)				
Trade and Other Receivables	**(1552.27)**		(2456.28)	
Inventories	**(180.94)**		(668.37)	
Trade and Other Payables	**1718.99**		1707.12	
		(14.22)		(1417.53)
5 Cash Generated from Operations (3+4)		**8267.70**		6617.48
6 Direct Taxes Paid		**(1724.18)**		(1506.17)
NET CASH FROM OPERATING ACTIVITIES (5+6)		**6543.52**		5111.31
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	**(8990.39)**		(9848.16)	
Sale of Fixed Assets	**3.34**		62.28	
Investment in Other Companies	**(70.09)**		(47.81)	
Interest Received	**270.41**		207.20	
Dividend Received	**403.56**		275.65	
NET CASH FROM INVESTING ACTIVITIES		**(8383.17)**		(9350.84)
BALANCE CARRIED FORWARD		**(1839.65)**		(4239.53)

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(₹. in Crores)

		2012-13		2011-12
	BALANCE BROUGHT FORWARD	**(1839.65)**		(4239.53)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Long term / short term Borrowings	**5640.28**	5092.65	
	Repayment of Long term / short term Borrowings	**(673.59)**	(491.12)	
	Capital Subsidy	**1098.31**	617.66	
	Interest Paid	**(993.52)**	(772.29)	
	Dividend & Dividend Tax Paid	**(1429.78)**	(1253.23)	
	NET CASH FROM FINANCING ACTIVITIES	**3641.70**		3193.67
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**1802.05**		(1045.86)
	OPENING ADJUSTMENT FOR JV / ASSOCIATES	**(183.65)**		(92.27)
	CASH AND CASH EQUIVALENTS AS AT 01.04.2012 (OPENING BALANCE)	**1446.22**		2584.35
	CASH AND CASH EQUIVALENTS AS AT 31.03.2013 (CLOSING BALANCE)	**3064.62**		1446.22

NOTES :

1 Cash & Cash Equivalents include :

Cash & Bank Balances		
As per Balance Sheet	**3064.62**	1446.22
Unrealised (Gain)/ loss on foreign Exchange	**0.00**	0.00
Total Cash & Cash Equivalents	**3064.62**	1446.22

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

For **M/s M L Puri & Co.**
Chartered Accountants
Firm No: 002312N

Navin Bansal
(Partner)
Membership No. 91922

For **M/s Rasool Singhal & Co.**
Chartered Accountants
Firm No: 500015N

Sandeep Gupta
(Partner)
Membership No. 413890

Place : New Delhi
Dated : May 28, 2013

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Summary of financial Information of Subsidiary companies

SUBSIDIARY COMPANIES

GAIL Gas Limited

GAIL Global (Singapore) Pte. Limited

Brahmaputra Cracker and Polymer Limited

GAIL Global (USA) Inc.

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SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2012-13

Particulars		GAIL GAS LTD.	BRAHMAPUTRA CRACKER AND POLYMER LIMITED	GAIL GLOBAL SINGAPORE PTE LTD.		GAIL GLOBAL USA INC.	
As on 31.03.2013		(₹. in Crores)	(₹. in Crores)	(₹. in Crores)*	(In USD Million)	(₹. in Crores)**	(In USD Million)
a	Capital	254.35	1,057.95	11.55	2.10	198.97	36.00
b	Reserves	32.48	3,692.79	52.24	9.50	15.97	2.89
c	Total Assets	595.02	6,928.64	121.09	22.02	732.66	132.56
d	Total Liabilities	595.02	6,928.64	121.09	22.02	732.66	132.56
e	Details of Investment (except in case of investment in the Subsidiaries)	-	-	104.87	19.07	-	-
For the year 2012-13							
f	Turnover	735.63	-	176.49	33.11	116.74	21.42
g	Profit/(Loss) before Taxation	34.89	-20.91	4.90	0.92	21.64	3.97
h	Provision for Taxation	7.88	-	-	-	7.36	1.35
i	Profit after Taxation	27.01	-20.91	4.90	0.92	14.28	2.62
j	Proposed Dividend	-	-	-	-	-	-

Exchange Rate	**US$ / INR**
As on 31.03.2013*	54.99
As on 31.12.2012**	55.27
Average Rate for 2012-13*	53.31
Average Rate for 2012**	54.50

Note:
In view of exemption granted by the Central Government under Section 212 (8) of the companies Act, 1956, copies of the Balance Sheet, Statement of Profit and Loss, Report of Directors and Auditors of the subsidiary are not attached to the Balance Sheet of the Company. The annual accounts of the subsidiary and the related information will be made available to the holding company and subsidiary investors on request in writing. The same are also available with the Company Secretary at the registered office of the company as well as at the registered office of the Subsidiary companies for inspection by any investor.

For and on behalf of Board of Directors

N.K.NAGPAL
Secretary

P.K.JAIN
Director (Finance)

R.D.GOYAL
Director (Projects)

B.C.TRIPATHI
Chairman & Managing Director

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Business Responsibility Report



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Business Responsibility Report

Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L40200DL1984GOI018976
2	Name of the Company	GAIL (India) Limited
3	Registered address	16 Bhikaiji Cama Place, R K Puram, New Delhi - 110066
4	Website	http://www.gailonline.com
5	E-mail id	investorqueries@gail.co.in
6	Financial Year reported	2012-2013
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	As per National Industrial Classification, Ministry of Statistics & Programme Implementation, the Company is engaged in activities as grouped below: 493- Transport via pipeline 201- Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms, 061- Extraction of crude petroleum, 062- Extraction of natural gas, 351- Electric power generation, transmission and distribution
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Natural Gas Marketing and Transmission 2. Petrochemicals (Polyethylene and polypropylene) 3. Liquid Hydrocarbons Production- (LPG, Propane, Pentane, Naphtha etc.)
9	Total number of locations where business activity is undertaken by the Company i. Number of International Locations (Provide details of major 5) ii. Number of National Locations	USA, Singapore, Egypt GAIL has pan India presence through a stream of businesses like Gas Marketing and Transmission, LHC production, Gas imports etc. The major locations are listed as under: • LPG plants (7): Two plants at Vijaipur (M.P.), one each at Vaghodia (Gujarat), Lakwa (Assam), Auraiya (U.P.), Gandhar (Gujarat) and Usar (Maharashtra) • Petrochemicals Plant at Pata (U.P.) • Compressor stations at Vijaipur, Khera, Jhabua & Kailaras (M.P.), Hazira, Vaghodia (Gujarat), Auraiya (U.P.), Chainsa (Haryana) • 11 Zonal Marketing Offices at Delhi, Kolkata (W.B.), Chennai (T.N.), Bengaluru (Karnataka), Bhopal (M.P.), Chandigarh (Haryana), Jaipur (Rajasthan), Hyderabad (A.P.), Lucknow (U.P.), Mumbai (Maharashtra), Ahmedabad (Gujarat). • 2 GAIL Training Institutes at Noida (U.P.) and Jaipur (Rajasthan)
10	Markets served by the Company - Local/State/ National/International/	National

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Section B: Financial Details of the Company

1	Paid up Capital	₹ 1268.48 Crore
2	Total Turnover	₹ 47333 Crore
3	Total profit after taxes	₹ 4022 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Total spending: ₹ 64.65 Crore 1.77 % of PAT
5	List of activities in which expenditure in 4 above has been incurred:-	a. Education/Literacy Enhancement b. Healthcare/Medical Facility c. Skill Development/Empowerment d. Drinking Water and Sanitation e. Community Development f. Infrastructure g. Environment Protection/Horticulture

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes. The number of subsidiary companies of GAIL as on 31st March, 2013 is 5
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)	Yes Two major subsidiaries of GAIL- BCPL (Project under construction) and GAIL Gas (started operations recently) have taken up CSR and other BR initiatives.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes. <30%

Following is the list of Principles referred to in Section D and Section E:	
Principle No.	**Principles to assess compliance with Environmental, Social and Governance norms (NVG-SEE) Issued by Ministry of Corporate Affairs**
Principle 1:	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2:	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3:	Businesses should promote the wellbeing of all employees
Principle 4:	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5:	Businesses should respect and promote human rights
Principle 6:	Business should respect, protect, and make efforts to restore the environment
Principle 7:	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8:	Businesses should support inclusive growth and equitable development
Principle 9:	Businesses should engage with and provide value to their customers and consumers in a responsible manner

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Section D: BR Information

1	Details of Director/Directors responsible for BR	Sustainable Development Committee of Board of Directors
	a. Details of the Director/Directors responsible for implementation of the BR policy/policies	
(i)	DIN Number	00063359
	Name	Sh Arun Agarwal
	Designation	Independent Director
(ii)	DIN Number	02705827
	Name	Sh R.D. Goyal
	Designation	Director (Projects)
(iii)	DIN Number	02766927
	Name	Sh S.L. Raina
	Designation	Director (HR)
(iv)	DIN Number	03006541
	Name	Sh Prabhat Singh
	Designation	Director (Marketing)
(v)	DIN Number	03039646
	Name	Sh S. Venkatraman
	Designation	Director (BD)
(vi)	DIN Number	02145534
	Name	Sh P.K. Jain
	Designation	Director (Finance)
	b. Details of the BR head	Director (BD)
	1. DIN Number (if applicable)	03039646
	2. Name	Sh. S Venkatraman
	3. Designation	Director
	4. Telephone number	011-26182130
	5. e-mail id	venkat@gail.co.in

2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?									
	a. External Stakeholders	NA	NA	NA	Y	N	NA	N	Y	Y
	b. Internal Stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y Ref: A	Y Ref: B	Y Ref: C	Y Ref: D	Y Ref: E	Y Ref: F	N	Y Ref: G	Y Ref: H

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		A: DPE Guidelines on Sustainable Development, DPE guidelines on Corporate Governance, Listing Agreement, PIDPI Resolution No. 89 of GOI, Transparency International **B, C:** National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India **D:** DPE guidelines on Sustainable Development **E:** The Contract Labor (Regulation and Abolition) Act 1970 **F:** National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India **G:** The Contract Labor (Regulation and Abolition) Act 1970, DPE Guidelines on CSR **H:** DPE Guidelines on Sustainable Development								
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
4	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/ CEO/appropriate Board of Director?	Y	Y	Y	Y	N	Y	N	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y Ref: A, B, C	Y Ref: D	N	Y Ref: D	N	Y Ref: D	N	Y Ref: E, D	Y Ref: D
		All policies relevant to External Stakeholders are hosted on GAIL Website- http://gailonline.com/final site/index.html, on following addresses: **A.** Code of Conduct: http://www.gailonline.com/final site/pdf/code of conduct.pdf **B.** Fraud Prevention Policy: http://www.gail.nic.in/final site/pdf/Draft Policy2012.pdf **C.** MoU between GAIL (India) Ltd and TII http://www.gail.nic.in/final site/pdf/MOU-With-TII-23rd.July-2007.pdf **D.** Sustainable Development Policy: http://gailonline.com/final site/pdf/GAIL Sustainable Development Policy English.pdf **E.** GAIL CSR Policy: http://gailonline.com/final site/pdf/final policy2010.pdf All policies that are relevant to internal stakeholders are available at GAIL Intranet Portal.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?									
	External Stakeholders (Communicated through Website, meetings)	Y	Y	NA	Y	N	Y	N	Y	Y
	Internal Stakeholders (Communicated through emails, circulars etc.)	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	Y
2a	If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)									

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	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The Company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	Governance related to BR									
	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Within 3 months								
	Does the Company publish a BR or a Sustainability Report?	Yes								
	What is the hyperlink for viewing this report?	http://gail.nic.in/final_site/Sustainable_Development_report.html								
	How frequently it is published?	Yearly								

The following section provides information in line with suggested BRR format; however for further details on Sustainability activities, GAIL's Sustainability Report 2012-13 may be referred which would be available at this link: http://gailonline.com/final_site/Sustainable_Development.html

Section E: Principle-wise Performance

	Principle 1	
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No.	No
	Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	The Code of Conduct, CDA Rules and Whistle Blower Policy are applicable to all concerned employees whether they are working in GAIL or in any subsidiary or Joint Venture Company. Further, 'Integrity Pact' and "Fraud Prevention Policy" extend to Suppliers, contractors etc.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	**Shareholder/Investor Complaints:** Received: 26 In Process: 0 % Resolved: 100% **Customer Complaints:** Received: 112 In Process: 3 % Resolved: 97.3% **Employee Complaints:** Received: 32 In Process: 2 % Resolved: 93.75% **Vigilance Complaints:** Received: 123 In Process: 24 % Resolved: 80.48%

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		Complaints from media, advertising agencies: Received: NIL **Total Stakeholder Complaints received:** 293 In Process: 29 % Resolved: 90.10% Note: The mentioned complaints are total complaints irrespective of the Principle under which they fall.

	Principle 2	
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	
	i.	Natural Gas & LPG Transmission
	ii.	Liquid Hydrocarbon
	iii.	Petrochemicals (HDPE & LLDPE)
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): **i.** Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	**i. Natural Gas & LPG Transmission:** In the entire value chain, the Company is having the responsibility of transmission of natural gas & LPG from source to customers through pipeline & Compressor/Pumping stations. From 2012-13 we have started monitoring our material consumption (associated consumable materials Lube oil etc.)data for NG & LPG Transmission business which are 52.19 MT & 6.04 MT respectively. 2.4 % Reduction in total energy consumption & 13% reduction in total water consumption achieved in 2012-13 compared to 2011-12 for our operation. **ii. Liquid Hydrocarbon:** GAIL's LPG plants converts the Natural Gas to its value added products i.e. Liquid Hydrocarbons. LPG is sold in bulk to LPG retailing companies and other liquid hydrocarbon products are sold to industries for our operation. ~0.55 % increase in LHC recovery (efficiency of production), ~4% Reduction in total energy consumption & ~2.7% reduction in total water consumption achieved (excluding PATA plant which is an integrated complex for Petrochemical and LPG) in 2012-13 compared to 2011-12 for our operation. **iii. Petrochemicals (HDPE & LLDPE):** In GAIL's petrochemical plant, ethane-propane (C2/C3) is recovered from natural gas in the Gas Processing Unit and is cracked in the Gas Cracker Unit to produce ethylene and propylene. Ethylene is converted to final products - HDPE (High Density Polyethylene) and LLDPE (Linear Low Density Polyethylene) in the two polymer units. There has been 3.76% reduction in C2/C3 shrinkage (where C2/C3 is the raw material), ~5.4 % Reduction in total energy consumption & ~0.7% reduction in total water consumption (in Petrochemical Complex) achieved in FY 2012-13 compared to FY 2011-12 for our operation. Refer to Note 1
	ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Refer to Note 2
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? i. If yes, what percentage of your inputs was sourced sustainably ? Also, provide details thereof, in about 50 words or so.	No Not applicable

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4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes, GAIL's procurement policy is based on least price approach for mentioned specifications in tender document. In addition, GAIL provides benefits to MSME (Micro, Small and Medium Enterprises) as per schemes of Govt. of India.
	If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	In order to encourage participation of small and micro enterprises, following facilities are extended: 1. (a) Issue of tender documents free of cost (b) Exemption from payment of EMD/bid security etc. 2. Purchase preference granted to small and micro enterprises, thereby encouraging micro and small enterprises to participate and secure orders in GAIL's tenders. 3. Spot purchases done from the local market. 4. Trial orders for import substitution and development of local vendors
5	Does the Company have a mechanism to recycle products and waste?	Yes Covered under Sustainable Development Policy. Further, design of products and processes are made in a manner for NIL/ minimum wastage. GAIL ensures usage of maximum amount of waste water in its installations.
	If yes what is the percentage of recycling of products and waste (separately as <5%,5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Products recycled: NIL 45% of wastewater recycled Refer to Note 1

	Principle 3	
1	Please indicate the Total number of employees.	3961
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	11184
3	Please indicate the Number of permanent women employees.	234
4	Please indicate the Number of permanent employees with disabilities.	83
5	Do you have an employee association that is recognized by management?	Yes GAIL upholds the freedom of Association and effectively recognizes the right in collective bargaining by generously recognizing and promoting the Workers' Unions, Officers' Associations, Women's Forums, SC/ST Employees etc. In GAIL, there are two Unions representing the interests of their respective workmen/ staff. GAIL Employees Association (GEA) is a representative body of non-executives posted at various Field Offices/ Plants/ Installations across the Country except Corporate Office. Non-executives posted at Corporate Office are represented by GAIL KaramchariSangh (GKS). Whereas, officers of GAIL are represented by GAIL Officers Association (GOA).
6	What percentage of your permanent employees is members of this recognized employee association?	Majority of non-executives are members of recognised unions. Majority of executives up to DGM level are members of GAIL Officers Association (GOA).

7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

	Category	**No. of complaints filed during the financial year**	**No. of complaints pending as on end of the financial year**
	Child labour/ forced labour/ involuntary labour	0	0
	Sexual harassment	0	0
	Discriminatory employment	0	0

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8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	Permanent Employees	20% (Safety Training) 95% (Skill up gradation training)
	Permanent Women Employees	12% (Safety Training) 93% (Skill up gradation training)
	Casual/Temporary/Contractual Employees	100% (Safety Awareness)
	Employees with Disabilities	0% (Safety Training) 96% (Skill up gradation training)

	Principle 4	
1	Has the Company mapped its internal and external stakeholders? Yes/No	Yes GAIL has identified all the internal and external stakeholders. In addition to mapping internal stakeholder (i.e. employees), GAIL has also broadly mapped external stakeholders like investors, media, empanelled agencies, policy makers and general public at large.
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized	Yes
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	All CSR initiatives of the Company are aimed at the holistic development of the disadvantaged vulnerable and marginalised sections of the community. GAIL allocates 2% of its previous FY's PAT towards CSR activities with the main focus on bettering the lives of the community people, mostly around the major installations/ work centers of GAIL. This is illustrated by CSR projects like GAIL Utkarsh programme, Skill Training programmes to the disadvantaged youth in areas of Guna (M. P.), Dediapada (Gujarat) and Tandur (Andhra Pradesh), Project Arogya (Mobile Health Van Project in 240 villages of UP and MP), Project Anhad Gram (Livelihood Opportunities to 25 tribal villages of Jhabua, MP). These programmes address the various needs of the marginalized strata of the society, like education, healthcare, purposeful livelihood opportunities, etc. On policy front, GAIL focuses on effective resettlement and rehabilitation (R&R) of PAPs and also community development works in and around the projects. GAIL addresses R&R issues with an objective that after a reasonable transition period, the affected families improve or at least regain their previous standard of living, earning capacity.
	Principle 5	
1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?	GAIL recognizes and respects the human rights of all stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	**Shareholder/Investor Complaints:** Received: 26 In Process: 0 % Resolved: 100% **Customer Complaints:** Received: 112 In Process: 3 % Resolved: 97.3% **Employee Complaints:** Received: 32 In Process: 2 % Resolved: 93.75%

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		Vigilance Complaints: Received: 123 In Process: 24 % Resolved: 80.48% **Complaints from Media, advertising agencies:** Received: NIL **Total Stakeholder Complaints received: 293** **In Process: 29** **% Resolved:90.10%** **Note:** The mentioned complaints are total complaints irrespective of the Principle under which they fall.
	Principle 6	
1	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.	No The policy doesn't cover only the Company but also extends to other stakeholders excluding Joint Ventures.
2	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes http://www.gailonline.com/final_site/Sustainable_Development.html at page no. 37 and page no. 40
3	Does the Company identify and assess potential environmental risks? Y/N	Yes
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes **Landfill Gas Pilot Project at Ghazipur, Delhi:** This project will demonstrate the possibility of extraction of Landfill gas (LFG) from an un-scientifically managed landfill site and convert it in to a clean fuel. The success of this pilot project would open up the possibility of replicating its success all over the country. The project is being carried out in two phases- first phase comprising landfill closure, LFG extraction and flaring, and the second phase comprising purification of LFG and subsequent conversion to CNG. The phase-1 of this project has already been completed and next phase will commence soon. (Please refer to Sustainability Report 2012-13) Yes, environmental clearance has been granted as 'Consent to Establish' has been granted by Delhi Pollution Control Committee (DPCC)
5	Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes **Clean technology, energy efficiency:** 1. Utilization of flare gas for PNG (Piped Natural Gas), at GAIL Vijaipur 2. Augmentation of existing STP at GAIL GAON. 3. Replacement of Halon system with clean agent system in LPG C/R. In addition to this, replacement of 20 Nos of Halon system has been carried out with clean agent. 4. Installation of portable vapour recovery compressor during statutory inspection of LPG Spheres, GAIL Vijaipur (For details on above projects, refer to Sustainability Report 2012-13) 5. Implementation of Burner Management System in Hot Oil Heater of GPU Vaghodia 6. Feed Gas cooling from Cold generated due to pressure reduction of RLNG at South Gujarat Pipeline (For details on projects 5,6, please refer to Sustainability Report 2011-12) **Renewable:** GAIL has undertaken wind and solar projects which are in different phases of implementation (Refer to Sustainability Report 2011-12) GAIL's Sustainability Reports can be found at:http://www.gailonline.com/final_site/Sustainable_Development.html

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6	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil
	Principle 7	
1	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes
	a.	International Gas Union
	b.	Standing Conference of Public Enterprises (SCOPE)
	c.	World Energy Council - Indian Member Committee, New Delhi
	d.	Global Compact Network, New Delhi
	e	TERI Business Council for Sustainable Development
	f	Petrofed
	g	Confederation of Indian Industry (CII)
	h	GIIGNL
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes GAIL being a Public Sector Enterprise, formal and informal feedbacks to various government bodies like MoP&NG, Planning Commission, PPAC etc. are provided on regular basis. This forms a significant basis for advancement of public good. In addition, GAIL also is a member of prestigious associations as listed above, to carry out advocacy for public good. In FY 2012-13, GAIL has made the advocacies which are briefly specified as follows- **Governance and Administration:** • Inclusion of Natural Gas in the category of 'Declared Goods' under CST Act 1956 so that VAT on Natural Gas is restricted to 5% which ranges from 5% to 26% in different states; **Economic Reforms:** • Additional deduction under section 35AD of the Income Tax Act, 1961 to business of laying and operating Natural Gas pipeline transportation business. • Additional tax incentives to Natural Gas Exploration and Production (E&P) business under section 80IB and section 42 of the Income Tax Act, 1961. **Energy security:** • In the area of Shale Gas, GAIL has participated in the consultative process of Government of India seeking comments on its draft Shale Gas Policy.
	Principle 8	
1	Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes The CSR Projects are undertaken in adherence to the principles of Inclusive Growth and Equitable Development. GAIL ensures inclusive and equitable growth through policies like recruitment policy which adheres to GOI guidelines on reservation for SC/ST/OBC/PH, work place policy on HIV/AIDS prevention, and many committees have been formed which ensure equitable growth.
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	GAIL has a dedicated CSR Department which oversees the smooth implementation of all its CSR activities. The executing agencies are selected as per the Guidelines on CSR issued by DPE

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3	Have you done any impact assessment of your initiative?	Yes GAIL carries out an annual exercise of Third Party Impact Assessment Study of its major CSR initiatives. The same is carried out through External agencies, NGOs, academic institution like Delhi School of Social Work, Tata Institute of Social Sciences etc. For the year 2012-13, GAIL has engaged the services of Tata Institute of Social Sciences to assess the impact of its major CSR initiatives
4	What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	In FY 2012-13, GAIL has invested approximately ₹ 30 Crores in Community Development and Infrastructure projects. Some of the major initiatives are : i. Installation of Solar Lights and promotion of non-conventional sources of energy in various villages of Uttar Pradesh. ii. Provision of Drinking Water through installation of hand pumps, water coolers, Bore wells etc. in villages of Madhya Pradesh and Uttar Pradesh. iii. Holistic Development of Villages in Auraiya and Guna through Total Sanitation Campaigns iv. Construction of village roads, culverts, drains and other physical infrastructure like bus stops etc. v. Augmentation of public infrastructure in form of libraries, developing school infrastructure and medical infrastructure in states of Rajasthan, U.P, M.P, A.P, Delhi and Gujarat.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes All community development initiatives try and incorporate a dimension of community involvement/interaction, awareness generation, engagement, stakeholder interaction and capacity building. The initiatives are taken up through a collaborative effort and a process of engagement with the local community, including local governance structures and institutions. The Company also insists on the implementing agency participating in the community in a phase wise manner, while simultaneously building the community motivation and capability to operate the programme or the service on their own.
	Principle 9	
1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	Customer Complaints: Received: 112 Pending: 3 % Resolved: 97.3%
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	NO
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	NO
4	Did your Company carry out any consumer survey/ consumer satisfaction trends?	Yes GAIL annually takes Customer Satisfaction Index survey and results thereof are collated together to work out CSI for entire year. For the year 2013- CSI was 90.4%

Note 1: The data presented covers the following GAIL units:

- Gas Processing Units (GPUs) at Gandhar, Pata, Usar, Vaghodia and Vijaipur;
- Petrochemical unit at Pata;
- Natural Gas compressor stations at Dibiyapur, Hazira, Jhabua, Khera, Vaghodia and Vijaipur;
- LPG pumping / receiving stations at Abu Road, Cherlappali, G Konduru, Jamnagar, Kandla, Loni, Mansarampura, Nasirabad, Samakhiali and Vizag;
- Regional pipeline offices at Agartala, Baroda, Mumbai, Puducherry and Rajahmundry;
- GAIL Training Institute (GTI) at Jaipur and Noida;
- Corporate Office at New Delhi; and
- Info Hub at Noida.

Note 2: Reduction during usage by consumers not detailed out because currently GAIL doesn't have mechanism to track reduction in energy, material, and water usage by consumers.

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Company's General Information

Statutory Auditors

M/s Rasool Singhal & Co.	Chartered Accountants, Aligarh
M/s M.L. Puri & Co	Chartered Accountants, New Delhi

Cost Auditors

M/s Rohit & Associates	Cost Accountants, Vadodara
M/s R. Nanabhoy & Co.	Cost Accountants, Mumbai
M/s M Goyal & Co.	Cost Accountants, Jaipur
M/s Chandra Wadhwa & Co.	Cost Accountants, New Delhi
M/s Dhananjay V. Joshi & Associates	Cost Accountants, Pune
M/s DGM & Associates	Cost Accountants, Guwahati
M/s Mani & Co.	Cost Accountants, Kolkata
M/s K.L. Jaisingh & Co.	Cost Accountants, Noida

Company Secretary

Shri N.K. Nagpal

Stock Exchange where Shares/GDRs of the Company are listed

BSE Limited	Floor 1, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai - 400001
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block Bandra-Kula Complex, Bandra (East) Mumbai - 400051
London Stock Exchange (GDRs)	10, Paternoster Square London-EC4M 7LS(U.K.)

Registrar and Share Transfer Agent

MCS Limited	F-65, Okhla Industrial Area Phase-1, New Delhi - 110020

Bankers

State Bank of India	Corporate Accounts Group Branch Jawahar Vyapar Bhavan, 11th & 12th Floors Tolstoy Marg, New Delhi - 110001
ICICI Bank Ltd.	9A, Phelps Building, Connaught Place, New Delhi - 110001
HDFC Bank Ltd.	1st Floor, Kailash Building 26, Kasturba Gandhi Marg New Delhi - 110001

Registered Office

16, Bhikaiji Cama Place
R.K. Puram, New Delhi - 110066

Subsidiary Companies

GAIL Global (Singapore) Pte Limited
Wangz Business Centre, # 44-01 Suntec Tower One,
7, Temasek Boulevard, Singapore - 038987

Brahmaputra Cracker and Polymer Limited
Hotel Brahmaputra Ashok, M.G. Road, Guwahati, Assam-781001

GAIL Gas Limited
16, Bhikaiji Cama Place, R.K. Puram, New Delhi - 110066

GAIL Global (USA) Inc.
333 Clay Street, Suite 3300, Houston, Texas 77002, USA

GAIL Global (USA) LNG LLC
1675 South State Street, Suite - B, Dover
Delaware - 19901, USA

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GLOSSARY

Gas Industry Specific Terminologies

CBM	Coal Bed Methane
CGD	City Gas Distribution
CNG	Compressed Natural Gas
DUPL	Dahej Uran Panvel Pipeline
DGH	Director General Hydro-carbon
DVPL	Dahej-Vijaipur Pipeline
E&P	Exploration and Production
ESA	External Safety Audits
GREP	Gas Rehabilitation and Expansion Project
GPU	Gas Processing Unit
GTI	GAIL Training Institute
HDPE	High Density Polyethylene
HVJ	Hazira Vijaipur Jagdishpur
JLPL	Jamnagar-Loni Pipeline
LLDPE	Linear Low Density Polyethylene
LHC	Liquid Hydro carbons
LNG	Liquified Natural Gas
LPG	Liquified Natural Gas
MDPE	Medium Density Polyethylene
MSCM	Million Standard Cubic Meter
MMBTU	Milliion Metric British Thermal Unit
MMSCMD	Million Metric Standard Cubic Meters Per Day
MMT	Million Metric Tonne
MMTPA	Million Metric Tonne Per Annum
MOP&NG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Understanding
MT	Metric Tonne
NELP	New Exploration & Licensing Policy
O&M	Operation and Maintenance
OLHC	Other Liquid Hydro-Carbon
PE	Poly-Ethylene
PNG	Piped Natural Gas
PNGRB	Petroleum & Natural Gas Regulatory Board
SBP Solvent	Special Boiling Point Solvent
TPA	Tonnes Per Annum
VSPL	Vizag -Secundarabad pipeline

General abbreviations

BD	Business Development
BIS	Business Information System
CSR	Corporate Social Resposibility
ERP	Enterprise Resource Planning
HR	Human Resource
HSE	Health Safety and Environment
HRD	Human Resource Development
JVCs	Joint Venture Companies
MW	Mega-Watt
PSU	Public Sector Unit
QC	Quality Circle
SCADA	Supervisor Control and Data Acquisition
TQM	Total Quality Management

Financial Terms

BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
EBIDTA	Earnings Before Interest Depreciation Tax and Amortization
ED	Excise Duty
EPS	Earning Per Share
GDP	Gross Domestic Product
NSE	National Stock Exchange
PAT	Profit After Tax
PBIDTA	Profit Before Interest Depreciation Tax and Amortization
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
ROCE	Return on Capital Employed
ROIC	Return on Invested Capital
RONW	Return on Net-Worth

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ATTENDANCE SLIP

GAIL (INDIA) LIMITED

Registered Office: 16, Bhikaiji Cama Place, R.K. Puram, New Delhi - 110066

Folio No. /DP & Client ID : **No. of Shares :**

Name : **Father's Name :**

Address :

I hereby record my presence at the **Twenty-Ninth Annual General Meeting** of the Company to be held on **Wednesday,** the **25th day of September, 2013** at **10.30 a.m**. at **Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi- 110010.**

Signature of Shareholder/Proxy holder

NOTES:

1. The attendance slip should be signed as per the specimen signature registered with the R&TA/ Depository Participant (DP). Such duly completed and signed Attendance Slip(s) should be handed over at the R&TA counter(s) at the venue against which R&TA will provide admission card. Entry to the hall will be strictly on the basis of admission card as provided by R&TA. Members in person and Proxy holders may please carry photo-ID card for identification/verification purposes.
2. Shareholder(s) present in person or through registered proxy shall only be entertained.
3. Briefcase, mobile phone, bag, eatables, helmets and other belongings will not be allowed to be taken inside the venue of the meeting for security purposes and shareholder(s)/proxy holder(s) will be required to take care of their belonging(s).
4. No gifts will be distributed at the Annual General Meeting.

PROXY FORM

GAIL (INDIA) LIMITED

Registered Office: 16, Bhikaiji Cama Place, R.K. Puram, New Delhi - 110066

I/We of being a member of GAIL (India) Limited hereby appoint of or failing him of or failing him of as my/our proxy, in my/our absence to attend and vote for me/us and on my/our behalf at the **Twenty-Ninth Annual General Meeting** of the Company to be held on **Wednesday,** the **25th day** of **September, 2013** at **10.30 a.m**. at **Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi- 110010** or at any adjournment thereof.

Folio No. /DP & Client ID : **No. of Shares :**

Name : **Father's Name :**

Address :

Signed this day of, 2013

Affix Revenue Stamp ₹ 1/-

Signature

NOTES:

1. The Proxy in order to be effective must be deposited at the Registered Office of the Company duly completed, stamped and signed, not less than 48 hours before the scheduled time of the Annual General Meeting.
2. The Proxy Form should be signed across the stamp as per specimen signature registered with the R&TA/Depository Participant (DP).

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GAIL Pan-India Presence

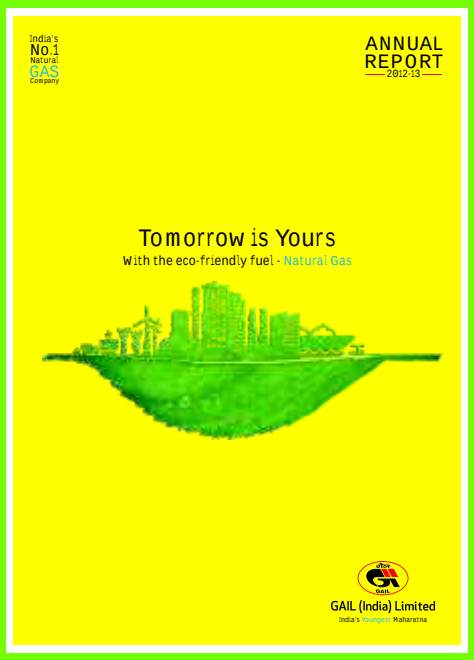


EXISTING PIPELINES
PIPELINES UNDER EXECUTION
LPG PIPELINE
RECENTLY AUTHORISED PIPELINE

PATA PLANT
BRANCH OFFICE
ZONAL OFFICE
LNG Terminal Under Operation
LPG PLANTS
LNG Terminal Under Construction

Map not to scale

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The cover depicts inclusive growth stemming from the GAIL pipeline. The same vein that powers industries, transport, energy and lives in general also helps in maintaining ecological balance. The visual underlines the fact that GAIL harnesses the environment and therefore it is vital that we are committed to the preservation of our very source. This dedication to both progress and preservation has enabled Asia's no. 1 gas utility to become India's youngest Maharatna.

GAIL (India) Limited

Regd. Off. :
16, Bhikaiji Cama Place,
R.K. Puram, New Delhi-110066
www.gailonline.com

CONCEPT